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THE DEVELOPMENT OF CAPITALISM IN THE AREA

CURRENTLY CALLED ALBERTA

VOL. 1

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DAVID LEADBEATER

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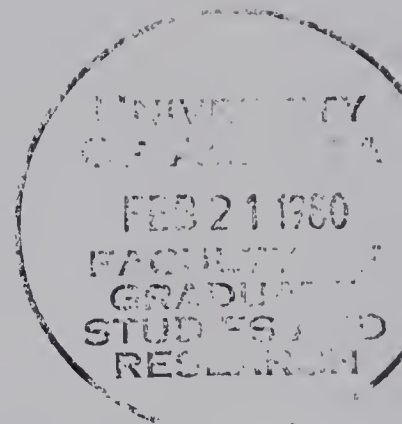
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Master of Arts

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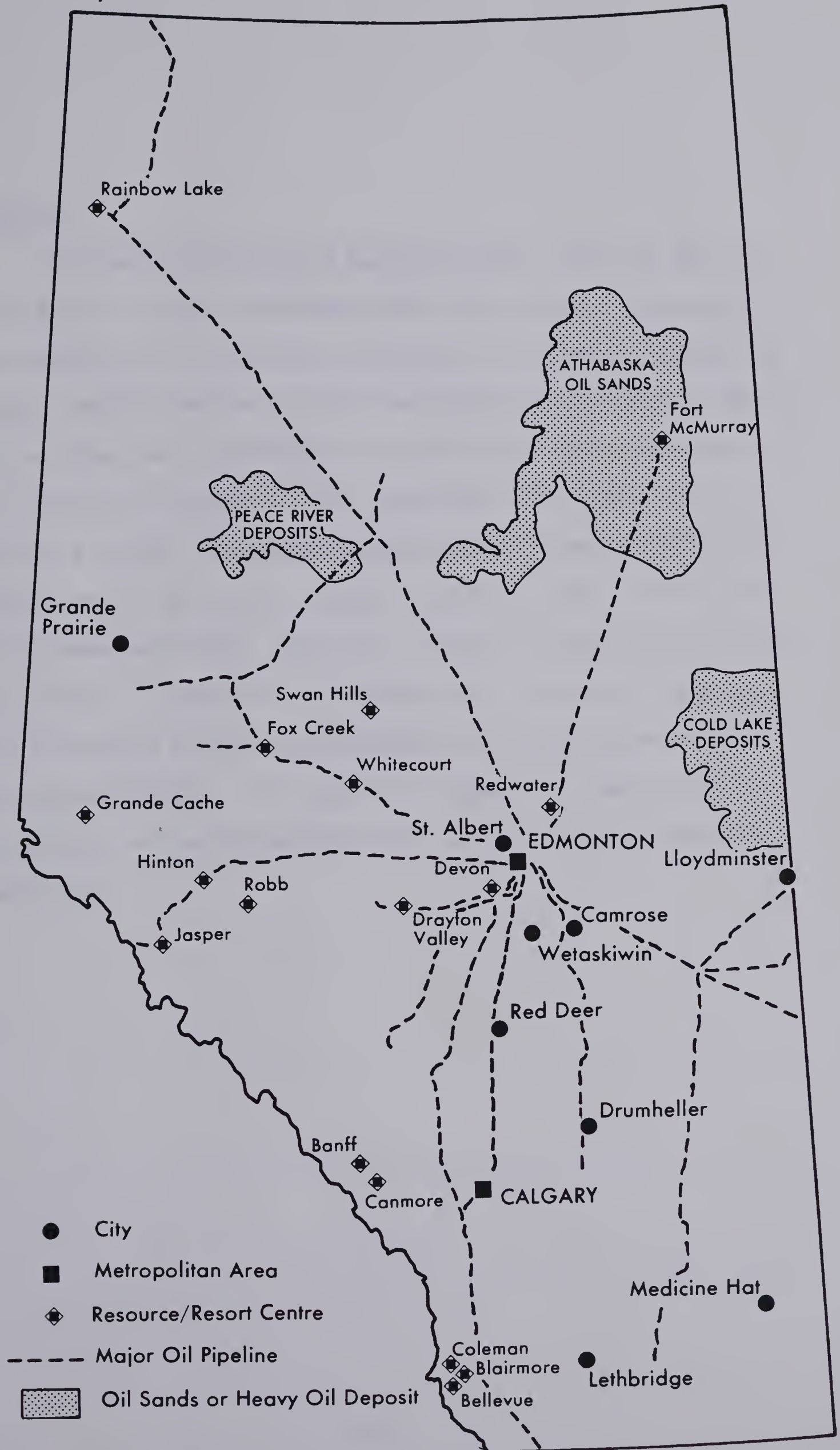
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THE UNIVERSITY OF ALBERTA
FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled The Development of Capitalism in the Area Currently Called Alberta submitted by David Leadbeater in partial fulfilment of the requirements for the degree of Master of Arts.

Oil Pipelines and Resource/Resort Centres in Alberta



ABSTRACT

The thesis is formed into two main parts. The first part reviews some of the more prominent academic and official approaches to the development of capitalism in Alberta and the western interior of Canada. Certain features, such as the presence of imperialist ideology are noted, and consideration is given to the theme and theory of exploitation in relation to these approaches. The second part introduces a general analysis of the development of capitalism in the Alberta area of the western interior, including years prior to provincial autonomy (1905). Emphasis is placed on identifying the principal stages of capitalist development, and on analyzing the structure of economic development beginning in the formative years of internal colonization. The analysis is based on K. Marx's theory of exploitation and capitalist development and V.I. Lenin's theory of imperialism.

Preface

Great is the power of steady misrepresentation; the history of science shows that fortunately this power does not long endure.

Charles Darwin (1859)

In a recent publication entitled Living Together: A Study of Regional Disparities,¹ the Economic Council of Canada--Canada's top official economic research and advisory body--gave a dazzling but dubious display of slight-of-hand: the Council managed to overview the economic history of Canada (Chapter 1, "The Legacy of History") and certain selected theories of regional development (Chapter 3, "Economic Theories of Regional Disparities") without ever once so much as mentioning such terms as "colonialism", "imperialism", "capitalism", or "multinational corporation".² This is an intellectual achievement akin to reviewing European economic history without mentioning feudalism, or, perhaps, doing a design and textile analysis of the King's new clothes. But this also points out the serious need for a more objective and less mystified, not to say useful, view of regional development in Canada, in the present instance, as it has affected Alberta and the western interior.

Preceding the main body of the thesis, which outlines a proposed

¹ Canada, Economic Council of Canada, Living Together: A Study of Regional Disparities, Ottawa: Supply and Services, 1977.

² Page ix of the report records that: "This report has been approved by the members of the Economic Council with the exception of Messrs. McCambly, Morris, and Taylor [labour representative] who withdrew from an active participation in the Council in 1976".

approach to treating the economic development of Alberta, is a section reviewing various established approaches. At the outset, some limits had to be placed on the considerable range of materials and approaches to be considered. In general, my focus has been on published "academic" and official work in the fields of economics and history. This demarcation is not intended to downplay the importance of the many other forms in which people have theorized about development in Alberta or the western interior, for example, in party programmes, newspaper columns, parliamentary debates, speeches, popular magazines, and so on. For very practical reasons--space and time--the equally important and difficult task of reviewing other theoretical work and examining its socio-economic background must be left for another day.

Since in the area of economic development, the historically established boundaries of academic economics have changed a great deal during this century and since much of contemporary North American academic economics has become a barren ground for the discussion of the history of economic development, material has been used, where applicable, from several related social science disciplines, particularly history, anthropology, geography, political science, and sociology. A narrow approach to the development of capitalism in Alberta which, for instance, treats the fur trade while ignoring anthropological work, or settlement ignoring geography, or the role of the state ignoring political science, is bound by its own devices to develop serious 'blind spots'.

A preliminary question might be raised about the use of the province of Alberta as the primary focus for analysis. Without anticipating the related question of what constitutes a region, it should be noted that the thesis does not view the area of Alberta as a region of its own apart from its existence as a politically defined unit. In fact, the thesis is inclined

not to accept the present boundaries of Alberta as geographically or economically 'logical'. Thus, references to "the development of capitalism in Alberta" are meant to emphasize the process in a particular area and not to prejudge the question of "regionhood" or "logical boundaries". Further, since theoretical discussions of development in Alberta, especially in the years prior to 1905, are typically treated as part of territorial development, there appears the phrase "Alberta and the western interior of Canada". Whether alone or with "Alberta", the term "western interior", which has been used by John Warkentin,³ has definite advantages over "the West" (which includes British Columbia) or "the Prairies" (because, strictly speaking, not all the geography of Alberta is prairie). Nonetheless, while "western interior" is the preferred term, occasional use of "Prairie" has been retained to provide some variety, but on the understanding that such a term as "Prairie" (with a capital "P") has a similar meaning as western interior.

Another question relates to the notion of "approaches". This thesis is inclined towards using the term, as has been done before,⁴ because it is very general if not generous. In order to sort out various "theories" of development, while recognizing that some social scientists might recoil at characterizing what appears to be loose description as theory, the notion of approaches has been used broadly to encompass any more or less self-conscious or reflective general perspective. Thus, positions which may be narrowly descriptive, or contain contradictory features, or be of an eclectic

³John Warkentin, The Western Interior of Canada: A Record of Geographical Discovery, Toronto: McClelland and Stewart, 1964.

⁴Carl Berger (ed.), Approaches to Canadian History, Toronto and Buffalo: University of Toronto Press, 1967; W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967.

character, are included. Of course, these approaches, like all theories, are no less subject to the same criteria of scientific truthfulness: congruence with the facts, internal consistency, and adequacy.

The study of economic development in Alberta is closely inter-related to the study of development in Canada as a whole. A survey of the material relevant to the western interior must include a considerable amount of the general historiography and bibliography of Canada. Some of this has been incorporated as the thesis proceeds and in the selected bibliography. The study of Alberta is also inter-related to world development, which has received remarkably less attention. The problem of relating the history of Alberta's regional development to Canadian and world development raises major theoretical issues. Some valuable work has been done at a general level with regard to European development,⁵ but a virtually open field remains for Canada--and the western interior.

On a final note, perhaps to anticipate a certain sort of criticism, I would like to make a brief comment relating to 'academic economics'. The impetus behind organized theoretical work is usually found outside academic quarters in the essentially 'practical' problems of life. Economics, least of all disciplines, should not be worried by such an assertion. It also occurs in societal interaction that academic theorizing has its own impact, which at times is considerable. Despite the oft-repeated claims--including in shallow textbooks--of 'neutrality' and 'value-free' economics, professional economists are not Cartesian minds living in bell jars. Indeed, many are anything but shy in propounding, for a decent salary, the positivistic joys of neoclassical economics.

⁵ See, in particular, Alexander Christozvonov, "Stage and Regional Study of Bourgeois Revolution in Europe in the 16th-18th Centuries", Social Sciences (U.S.S.R. Academy of Sciences), Vol. 4, No. 4, 1973, pp. 105-120.

It will not take great imagination to see that this thesis, no less than the work of my economics seniors, also has its particular partisanship. And, no less than in their practice, I take it that partisanship is not necessarily in contradiction with objectivity and scientific inquiry. The real threat to truth lies in the "Furies of private interest", including in the academic realm where, the great predatory motive of capitalism--whatsoever things are privately profitable--still has a considerable force.

That modern neoclassical economics, the ideological offspring of imperialism, holds sway in most Canadian academic economics has not been ignored. But neither has it been ignored that the fortunes of the "dismal science" are hitched to a system already on the historical slipway. Hopefully, if this thesis exercise can accomplish anything (other than exhaust the author and typist) it is, perhaps, in helping to position another skid under the imperialist edifice for the final send-off.

* * *

Before passing to the thesis material itself, the following two suggestions may be of use in tackling the reading. Firstly, since the body of the thesis presupposes some knowledge of certain basic terms and definitions (such as "commodity production", "capitalism", "imperialism", etc.), there has been included an appendix which is intended to provide necessary background material. Readers wishing this information or clarification should begin with or refer to Appendix II.

Secondly, the body of the thesis can be divided in two parts, with the second and principal part starting at Chapter 5. The first part,

which is comprised of a 'literature review' (Chapters 1 to 3) and the consideration of the theme and theory of exploitation (Chapter 4), is not essential for those readers wishing to begin directly with the proposed analysis of Alberta's development.

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Chapter One

Early Approaches to the Development of Alberta and the Western Interior of Canada

. . . shall we go on conferring one Civilization upon these people that sit in darkness, or shall we give those poor things a rest? Shall we bang right ahead in our old-time, loud, pious way, and commit the new century to the game; or shall we sober up and sit down and think it over first? Would it be prudent to get our Civilization tools together and see how much stock is left on hand in the way of Glass Beads and Theology, and Maxim Guns and Hymn Books, and Trade Gin and Torches of Progress and Enlightenment (patent adjustable ones, good to five villages with, upon occasion), and balance the books and arrive at the profit and loss, so that we may intelligently decide whether to continue the business or sell out the property and start a new Civilization scheme on the proceeds?

Mark Twain (1901)

In studies of the development of Alberta and the western interior of Canada one can discern four principal phases, marked off by the major periods of intensified socio-economic crisis which have beset Canada in the twentieth century.¹

The first major phase was of writings done in the pre-World War I years and the years until about 1917. J.M.S. Careless has termed this the era of the "Britannic School" since the writers of this group "were often convinced imperialists of the later nineteenth and twentieth centuries and were closely attached in sentiment and background to Great

¹These periods are: the First World War and its aftermath; the Great Depression, the Second World War, and its aftermath; the later 1960s and 1970s.

Britain."² During these years colonialism and imperialism rose to their peak. Most writings were deeply impregnated with the ideology of imperialism; indeed, one can scarcely turn a page without confronting the legitimation of notions of national, racial, and class superiority which, whether consciously or non-consciously employed, are hallmarks of imperialist thought. Typically, the expansion of capitalism was equated with the advance of 'civilization' and 'progress', and clearly evident was the general historical optimism of an expanding and aggressive capitalism. Philosophically, a crude historical idealism provided the limited theoretical basis of most writing.

The first books tended to concentrate on the newly formed province of Manitoba (1870) and were often explicitly promotional, for immigration or investment purposes. Among the earliest writers were Alexander Begg, John Macoun, George Bryce,³ and Graeme Adam.⁴ John Macoun's Manitoba and the Great North-West⁵ was a compendious work containing promotional and factual material, such as on minerals, flora, and fauna, useful for colonization and in investment. Perhaps the most prolific was Alexander Begg,

²J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", in Carl Berger (ed.), Approaches to Canadian History, Toronto: University of Toronto Press, 1967, p. 64. First printed in the Canadian Historical Review, Vol. XXXV, No. 1, March 1954.

³George Bryce, Manitoba: Its Infancy, Growth and Present Condition, London: Marston, Searle and Rivington, 1882.

⁴Graeme Mercer Adam, From Savagery to Civilization; the Canadian Northwest: Its History and Its Troubles, from the Early Fur-trade to the Era of the Railway and the Settler; with Incidents of Travel in the Region and the Narrative of Three Insurrections, Toronto: Rose Publishing, 1885.

⁵John Macoun, Manitoba and the Great North-West; the Field for Investment; the Home of the Emigrant, Being a Full and Complete History of the Country, Guelph: The World Publishing Company, 1882.

who introduced some manufactured goods to the Red River settlement and was a leading merchant there until he retired to Victoria, B.C. Begg contributed a chapter to Macoun's book, in which he compared stockraising in southern Alberta with Montana, as one who had "spent the season of 1881 examining both sections with a view of establishing a ranch".⁶ Begg had produced a promotional book a little earlier, but his major History of the North-West was published in 1894. This three-volume history was dedicated with fawning praise to "Sir Donald A. Smith, K.C.M.G., Governor The Hudson's Bay Company, Etc., Etc., Etc."⁷ Typical of the colonialist perspective is the following:

The march of civilization in the North-West then began [following the passing of the Manitoba Act in 1870], and today, instead of being a vast hunting ground and wilderness, it is the home of thousands of thrifty settlers, and with its great transcontinental railway from ocean to ocean, placed Canada in the proud position of being one of the brightest jewels in the British Crown.⁸

Around the turn of the century there was a growing number of writings on the North-West loudly trumpeting the ideology of imperialism. Notable among these were a book by E.B. Osborn⁹, the writing of which was stimulated by the Yukon gold discoveries, and the work of R.G. MacBeth. While MacBeth did not develop a theory of development as such, he

⁶ Alexander Begg, "Stockraising in the Bow River District compared with Montana", in John Macoun, op. cit., Chapter XVI, pp. 269-281.

⁷ Alexander Begg, The Great Canadian North West, Montreal: Lovell, 1881.

⁸ Alexander Begg, History of the North-West, Toronto: Hunter, Rose and Company, 1894, Vol. I, p. vi.

⁹ E.B. Osborn, Greater Canada: The Past, Present and Future of the Canadian North-West, London: Chatto and Windus, 1900.

did enter into some argumentation in the first chapter of The Making of the Canadian West against the view that the Hudson's Bay Company was a "determined and active opponent of . . . settlement and progress" and, in doing so, raised implicitly some questions of theoretical significance about the socio-economic forces leading to capitalist expansion.¹⁰ In a later book, The Romance of Western Canada (1918), MacBeth revealed explicitly the kind of racist approach which prevented a realistic treatment of settlement and capitalist expansion. Here he discussed "Alberta's New North", the Peace River country:

If we keep in mind our postulate, that a country's real history only begins with its colonization, then the Peace River country has no real history earlier than a generation ago; but, leaving out the pre-historic times, when "wild in woods the noble savage ran", we recall the fact that for a century and a half the old fur-traders and explorers passed and repassed through the vast north land. . . . our main interest now is not with the days of the explorer, who was not looking specially towards the possibility of colonization. Rather we are concerned with the work of those who labored and left on record their expectation that here, some day, many thousands of people would have happy and prosperous homes.¹¹

There was also a growing interest in the "romance" of early European exploration and railway development. Agnes C. Laut's The Conquest of the Great Northwest¹², with its frontispiece of Donald A. Smith, and Lawrence J. Burpee's The Search for the Western Sea are notable parts of

¹⁰R.G. MacBeth, The Making of the Canadian West: Being the Reminiscences of an Eye-Witness, Toronto: William Briggs, 1898 (reprinted, 1973), Chapter I, "Musings on the Old", pp. 11-18.

¹¹R.G. MacBeth, The Romance of Western Canada, Toronto: William Briggs, 1918, pp. 236-237.

¹²Agnes C. Laut, The Conquest of the Great Northwest: Being the Story of the Adventurers of England Known as the Hudson's Bay Company, Toronto: Musson Book Company, 1908, 2 Vols..

the imperialist barrage. Burpee's approach is based on the idealist notion of "call", although modified by geographical factors:

The call of the west, though the phrase may seem a somewhat fanciful one, has been from the beginning a vital factor in the exploration of America. It may perhaps be defined as the spirit of adventure of a vigorous people acting upon a deep-rooted racial tendency to follow the path of the sun. In any case it acted like a magnet to the nations of Western Europe. . . . In their case, however, the call of the west was combined with other and more tangible influences. Columbus, the Cabots, Verranzo, Jacques Cartier, and the rest of that wonderful group of transatlantic voyagers sought primarily a short western route to China and the Indies. Behind it all was the lure of the setting sun and the adventurous spirit of their race, but on the surface at least was the eminently practical incentive of reaching golden Cathay.¹³

Several writings extolled the prominent position of and transformation wrought by the railways and their owners¹⁴, but few broached a generalized approach to development significantly different from the prevailing imperialism.

A major series on the British empire, A Historical Geography of the British Colonies, included a volume on Canada by Hugh E. Egerton. Here, in a typical fashion, was the preoccupation of imperialist ideology with "race" and "national character" as revealed in the context of inter-imperialist rivalry with the United States:

The existence of different provinces and different districts of the same province has prevented the agglomeration of population in large centres, one of

¹³ Lawrence J. Burpee, The Search for the Western Sea: The Story of the Exploration of North-Western America, New York: The Macmillan Company, 1936, (First edition, 1907), p. xiii.

¹⁴ See, for example, Frederick A. Talbot, The Making of a Great Canadian Railway, Toronto: The Musson Book Company, 1912; O.D. Skelton, The Railway Builders, Toronto: Glasgow and Brooke, 1916; and James W. Davidson, "The Canadian Northern Railway", Queen's Quarterly, Vol. XIV, No. 2, October 1906, pp. 97-108.

the most disquieting features of modern civilization. As we meet it in England, the new national type which is arising is in some ways a blend of the American and the British types. That American civilization has invaded, and will increasingly invade, Canada cannot be denied, and the national character has already much of the quickness, the absence of mauvaise honte, the adaptability, which we think of as peculiarly American. Still, the fundamental qualities of the Canadians revert to British and French ancestors, and there is no broadly marked distinction in their case, as in the United States, between the nervous dyspeptic business man of the eastern cities and the hardy western farmer.

In spite of our boasted civilization and Christianity, behavior in war is still, perhaps, the ultimate test of the virtue of nations; and tried by that standard the experience of the South African War would seem to show that the Canadian would not be wanting.¹⁵

Numerous variations of this sort of historical approach appeared during the period (and continue in certain forms today), but their salient feature was pervasive and clear: an emphasis on "racial character" and "national character" as a fundamental determinant or explanation of economic 'progress'. The maleability of the ideology, which was closely associated with the ideas of "Social Darwinism", revealed itself in the appearance of a related approach that alleged a type of "regional character" as a motive force in development. The following excerpt from J.C. Gwillim hints at this notion as well as an "eastern man's burden" in upholding the costs of 'civilization' on the Prairies:

There is no wild and woolly west, whatever it may have been in the days of Colonel Steele and of the building of the Canadian Pacific Railway. . . . All the same, east is east, and west is west, and there is a difference in the people, a difference which the westerners sometimes take a pride in,--a kind of broader gauge in all transactions of life. Yet when one comes to look into the matter this should be more a matter of gratitude to the east than a reproach at its "copper cent" ways. It is youth, full of health and ambition,

¹⁵Hugh E. Egerton, A Historical Geography of the British Colonies, Oxford: Clarendon Press, 1908, Vol. V, Canada - Part II, pp. 341-342.

impatient of experience and wisdom; for the people of the west have been drawn very largely from the strength and enterprise of older countries, they have gone into a spacious country having few of the burdens of their old homes. They have left, for a time, the old, the sick, the criminals and unfortunate behind them, and are not taxed at every turn by systematic drafts upon their resources to provide for those who are non-producers in the many paths of older civilization.¹⁶

A considerable source of information and views on the pre-World War I western interior were the visits of journalists, travellers, and clergymen;¹⁷ however, here also there was little approaching a theory of development, and a lot dealing with casual, if interesting, observation and promotion. Probably the material which came closest to a theory of development of Alberta or the western interior was contained in the major twenty-three volume series, Canada and Its Provinces: A History of the Canadian People and their Institutions by One Hundred Associates, published in 1913 and 1914 under the general editorship of Adam Shortt and Arthur G. Doughty.

The Canada and Its Provinces series culminated the period of "high imperialism" prior to World War I. Among its writings, which tended to be more sophisticated than most previous writings, were several contributions of relevance to Alberta and the western interior. For example, O.D.

¹⁶ J.C. Gwillim, "A Glimpse of the Canadian West", Queen's Quarterly, Vol. XVIII, No. 1, July 1910, pp. 49-50.

¹⁷ See, for example, Frank Carmel, Canada's West and Further West: Latest Book on the Land of Golden Opportunities, Toronto: Musson Book Company, 1911; Agnes Deans Cameron, The New North: Being Some Account of a Woman's Journey through Canada to the Arctic, New York and London: D. Appleton and Appleton, 1912; J. Burgon Bickersteth, The Land of Open Doors: Being Letters from Western Canada, 1911-13, Toronto and Buffalo: University of Toronto Press, 1976 (first edition, 1914); Mary Quayle Innis, Travellers West, Toronto: Clarke, Irwin and Company, 1956; Lewis H. Thomas, "British Visitors' Perceptions of the West, 1885-1914", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, Toronto and Montreal: Holt, Rinehart and Winston, 1973, pp. 131-196.

Skelton, in his General Economic History of the Dominion, 1867 - 1912, treated the "opening of the west" as the result of a "fortunate conjuncture" of favourable circumstances.

At last Canada's hour had struck. The settlement of the western plains had long dragged on with disheartening slowness, and eastern development, except in the two or three largest cities, had kept the same pace. Then after 1896 a fortunate conjuncture brought a sudden and remarkable change. World-wide factors played a part; population and consumption were again overtaking production, and increasing gold supplies and other forces were raising prices; wheat and cattle rose once more to profitable levels. The United States situation was of determining importance; the rapid growth of its urban population, simultaneously with the ending of the fertile homestead areas . . . Western Canada offered limitless land, cultivated by the methods familiar in the western states, and available at a fraction of the price . . . Individual farmers and land companies saw the harvest to be reaped in the inevitable rise in land values, and the northward trek began. In Canada itself, experience was enabling the western farmer to cope more effectively with frost and drought, and bountiful harvests in areas once stamped barren lured the home-seekers.

The treasures below the soil were discovered and developed in the same period as the treasures in the soil. . . . On all sides the natural wealth of the country called for men and money to develop it.¹⁸

Skelton's general approach involved the recounting of the growth of certain institutions of capitalism but within the perspective of imperialism.

A similar approach is apparent in the first economic history focused specifically on the western interior, "Economic History of the Prairie Provinces, 1870 - 1913", by J.W. Dafoe. Dafoe's treatment was another of the many which described the spread of institutions of 'civilization' in the face of Indian and "half-breed", not to mention, geograph-

¹⁸ O.D. Skelton, General Economic History of the Dominion, 1867 - 1912, Toronto: The Publishers' Association of Canada, 1913, pp. 191-192.

ical resistance;

The Indians of Manitoba living in proximity to the white settlements were partially civilized, many of them professing the Christian religion; but the great bands roaming over the plains and following the buffalo were as wild and savage as their brethren to the south of the international line, whose subjection to the civil law was only brought about by extensive military operations, carried on over a series of years.¹⁹

Furthermore, the perspective was a clear ideological legitimation of the Canadian ruling class.

Canada, taking over this vast stretch of country, found herself faced with a series of related problems of the greatest magnitude. The Dominion had embarked upon this enterprise because her public men had faith that this new land, by affording homes to the younger generation and to settlers from other lands, would add to the prosperity and greatness of the Dominion. Before settlement was possible many things in the way of preparation had to be done. The West must be brought into closer relations with the East. . . . The West had, further, to be put in shape for settlers when they arrived. This involved such tasks as quieting the Indian and half-breed titles to the land; surveying the prairies and making them available for the settlers upon some simple, practicable basis; providing roads and railways; and maintaining law and order over a territory half as large as Europe, the hunting grounds, at that time, of savage tribes of Indians.²⁰

In the end, it was Dafoe's own words which summarized a major type of imperialist perspective:

This, in brief, is the story of social and economic development of Western Canada during the forty years that have elapsed since the country became part of the Dominion of Canada. It constitutes a veritable

¹⁹J.W. Dafoe, "Economic History of the Prairie Provinces, 1870 - 1913", in A. Shortt and A. Doughty (general eds.), Canada and Its Provinces, Vol. 20, p. 286.

²⁰Ibid., pp. 286-287.

romance, not easily matched in the world's records.²¹

Of the several writers of the period of high imperialism, there are two who deserve special mention, since they were, perhaps, the outstanding figures of the period: Adam Shortt (1859 - 1931) and Edmund H. Oliver (1882 - 1935).

As an editor of the Canada and Its Provinces series and the leading economic historian of the pre-World War I period in Canada, Adam Shortt²² did not deviate fundamentally from the dominant imperialist perspective of development in the western interior; however, it is worth noting some early criticisms he made of crude imperialist promoters. In particular, his two expressive articles published in the Queen's Quarterly in 1895 launched a scathing attack on the promotional literature of prairie colonization. In the summer of 1894, Shortt had delivered some University Extension lectures in southern Alberta. During his visit he became acutely aware of the dishonesty of government and private writings on the west intended, in particular, to encourage immigration.

The fact is that the immigration literature circulated with regard to Alberta and other parts of the North-West, is grossly deceptive and, instead of being beneficial to the country, is proving its most serious drawback. . . . Although some parts of the

²¹Ibid., p. 328.

²²For further on Adam Shortt, see Crawford D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, 1814 - 1914, Durham, N.C.: Duke University Press, 1961; W.A. Mackintosh, "Adam Shortt", in R.C. Martin (ed.), Some Great Men of Queen's, Toronto: University of Toronto Press, 1941, pp. 115-133; and R.F. Neill, "Adam Shortt: a bibliographical comment", Journal of Canadian Studies, Vol. 2, No. 1, 1967, pp. 53-55; Carl Berger, The Writing of Canadian History, Toronto: Oxford University Press, 1976, especially, pp. 21-31.

country are really well supplied with natural resources, yet only a limited number can be made available during the early stages of the country's growth. There is a natural sequence in the development of a country's wealth, and, if the primary resources and advantages are defective, the existence of secondary ones in great abundance is of little avail. . . . the idea is given that coal may be had for almost nothing, and so it may in many places, but as a rule little else that is available may be had just there, and so the settlers find that to make a living they must dwell ten, twenty, fifty or a hundred miles from available coal supplies. . . . In places within ten miles of open coal mines I have found coal selling for twice and even three times what it sells for in Ontario. But with all its coal resources which are evidently quite extensive, the great majority of settlers in Alberta still use wood for burning and often draw it very long distances.²³

Shortt made other telling points against the promotional literature of the time, and even fingered certain of its sources:

Several of those who have written letters for the Government or the C.P.R. are really prosperous settlers, but few of these are dependent upon ranching or farming. In most of the publications the letters given are mainly from merchants and other middle men, real estate and other agents, government officials of various grades, including immigrant agents, money-lenders, local preachers and even occasional travellers. Now, of course, most of these persons are directly interested in simply getting people to come into their neighborhood in order that they may make profits out of them in one form or another.²⁴

Nonetheless, Shortt did not develop a generalized interpretation of development in the western interior. Instead, most of his thoughts were focused quite specifically on attacking established policies:

Why should a country like ours be under the necessity of advertising itself in this way, and begging for population? . . . This I take to be a fair illustration of the loss of dignity and self-respect,

²³Adam Shortt, "Some Observations on the Great North-West", Queen's Quarterly, Vol. II, No. 3, January 1895, pp. 189-190.

²⁴Ibid., pp. 187-188.

the disregard of all the loftier elements of national achievement and of all that is noble and refining in patriotic sentiment which must accompany the holding of one's country and citizenship so cheap and common as to advertise them in this eager and commercial fashion. One has only to read the statements of the Government and the criticism of the Opposition to recognize that almost none of the loftier ideas of national development and patriotic citizenship enters into this craving for population, but simply ideas of commercial and speculative advantage.²⁵

Then, often, justification fell back on prevalent imperialist ideological premises. Thus, Shortt continued:

We cannot excuse this on the ground that the economic base of the state is the first thing to be attended to and, that secured, the rest will all come right in time. Biological science and human history alike tell us that unless we begin with a good sample of a race of high social capacity no great civilization can be expected. . . . A primitive people may, in the course of time, develop a high civilization if it has the germ of great things in it, but the retrograde specimens of a developed people never amount to anything. Contrast the quality of the New England element in the American Republic with the quality of the Poor Whites of the Southern States.²⁶

Tied together with his biological determinism were certain laissez-faire conceptions about the role of the state:

The better class of British settlers, however, the shrewd, intelligent, self-reliant immigrants who came to the country on their own account, have neither the excuse nor the desire to hold the Government responsible for their success, and, together with similar settlers from Canada and the United States they form the intellectual and social backbone of the country. Still, the tendency to regard the Dominion Government as a kind of donkey engine for assisting settlers in all sorts of ways, is very strong, and the organizing of various influences to operate upon the government for special purposes expresses the chief political activity of the Territories.²⁷

²⁵Ibid., Vol. III, No. 1, July 1985, pp. 12-13.

²⁶Ibid., p. 13.

²⁷Ibid., p. 16.

Shortt's articles on the North-West, while written prior to the so-called "wheat boom" era, reflected a heightened Canadian nationalism, although of a bourgeois and Anglo-chauvinist nature. Even on the matter of the wheat staple, Shortt had a racially-based criticism:

If, then, the Government and the C.P.R. continue to send to the North-west a population capable only of wheat raising, they are courting disaster. The lesson to be drawn from the signs of the times is that Canada must promptly give up the idea of becoming a regular wheat-exporting country, and must find either new uses for its wheat at home, or cease to grow so much of it. Leaving wheat growing to more undeveloped races, Canada may find a higher destiny for her people in producing those things which require for their production, intelligence rather than muscle, and in producing which there is therefore less tendency to overcrowding.²⁸

The other major early figure was Edmund H. Oliver, whose position rests not as an early economist, but as an historian of the western interior. Oliver's approach also falls within this framework of imperialist ideology, although generally clearer and more analytical in approach. His idealistic historical basis is evident right from the start of his contribution to the Canada and Its Provinces series:

The Canadian Provinces of Alberta and Saskatchewan resulted from three constructive conceptions on the part of the Dominion government, a logical and inevitable development of policies, separated from each other by periods approximately a decade and a half. The acquisition of the territory in 1870 from the Hudson's Bay Company gave Canada the land. The building of the Canadian Pacific Railway (1880 - 85) rendered access to the country possible and easy. A vigorous immigration policy since 1897 has peopled the land with settlers. These settlers have attained a material prosperity and these provinces have gained an influence in the economic and political life of the whole nation that pioneers even in their

²⁸ Ibid., p. 21.

most sanguine dreams could never have anticipated.²⁹

Even in his treatment of constitutional development, Oliver reflected imperialism in 'boosting' the significance of the western interior:

The country west of Hudson Bay has enjoyed a longer continuous connection with Great Britain than any other portion of the Dominion of Canada. Its annals are richer in the romance of the fur trade, more laden with the achievements of explorers and hunters, and more marvellous in the sudden influx of peoples and growth of railways than are those of any other part of the country. It has also witnessed a greater variety of experiments in government than any other section of the Dominion.³⁰

Again, the Native population did not figure into the ideological scheme of things, other than as an obstacle to 'progress'. Oliver noted that "The crushing of the half-breed rebellion of 1885 made the prairies forever a safe habitation for the white population"³¹, and praised the decade following the construction of the C.P.R. as "wonderfully constructive":

If the coming of the Canadian Pacific Railway was the inauguration of the new order for the white settlers, the insurrection of 1885 was the final passing of the old order for the original inhabitants of the plains. The crushing of the Riel Rebellion definitely gave the North-West over to order and progress.³²

²⁹Edmund H. Oliver, "Saskatchewan and Alberta: General History, 1870 - 1912", in A. Shortt and A. Doughty (general eds.), Canada and Its Provinces, Vol. 19, p. 147.

³⁰E.H. Oliver, The Canadian North-West: Its Early Development and Legislative Records, Ottawa: Government Printing Bureau, 1914, Vol. 1, p. 20.

³¹E.H. Oliver, "Saskatchewan and Alberta: General History, 1870 - 1912", p. 151.

³²Ibid., pp. 162, 163. See also E.H. Oliver, "The Settlement of the Prairies, 1867 - 1914", in J.H. Rose, A.P. Newton, and E.A. Bevans (general eds.), The Cambridge History of the British Empire, Cambridge: Cambridge University Press, 1930, Vol. VI, Chapter XXII.

Oliver's general approach was crystallized in his 1930 paper to the Royal Society of Canada, "The Institutionalizing of the Prairies". While there was greater emphasis on the geographical impact of the prairies, perhaps, a reflection of growing interest in the "frontier thesis", the idealistic historical position still came out clearly. Oliver treated capitalist expansion in the western interior as, in effect, "a succession of creative impulses":

But the sketch of the rise of political and local governmental institutions since 1870 has suggested a succession of creative impulses in the life of the Prairies. The decade following 1882 was creative. The decade following 1897 was creative. A third period, beginning 1910, was interrupted by the Great War.

It is believed that there have been four creative elements distinctive to the life of the Prairies. These are:

(1) The struggle against the handicap of distance. The outstanding creative impulse was the coming of the Canadian Pacific Railway.

(2) The victory over drought. The outstanding creative impulse was the introduction of the summerfallow by Dr. Angus McKay with a view to conserving moisture.

(3) The campaign to attract settlers. The outstanding creative impulse was the work of Clifford Sifton.

(4) The development of the co-operative idea.

Without these creative conceptions and achievements cannot be understood the economic and social life of the Prairies, the effort to correct its isolation, the early and extensive use of rural telephones, the growth of the Church Union Movement, the extension of branch lines of railway, the expansion of the agricultural industry and the emergence of Farmers' organizations up to and including the Wheat Pool, the problems associated with the New Canadians.³³

Throughout the entire pre-World War I period there was only one significant history written specifically on Alberta. This was Archibald Oswald MacRae's History of the Province of Alberta, published in 1921. MacRae

³³ Ibid., pp. 20-21.

(1869-1963), who was the principal of Western Canada College in Calgary, accumulated a considerable mass of detail in his two-volume history, although concentrated mainly in the years prior to "the advent of the whites on the prairies and foothills of what is now marked out as the Province of Alberta"³⁴ and on biographical sketches of nearly 600 leading figures.

The approach taken by the author reflected a typical Eurocentric form of imperialist ideology and did not formulate a general theory of development so much as recount the 'facts of progress'. In reflecting a certain influence of German scholarship of the time, he commented in the Preface:

And as the men who represent the syndicate, that have promoted this work, have gone about Alberta, they have frequently been met with the remark "A History of Alberta! Your author proposes to write a History of Alberta! Why, there is no History of Alberta; the Province is but of yesterday! The country, as a place of authentic History, is but in swaddling clothes. To speak of history in such a connection is to laugh." And this is true. No one is more conscious of the truth of such a pertinent criticism than the writer. But while there is no History, while there are no great movements, no great developments, nothing to bring before the world's tribunal, there is wealth, a great wealth of incident. And it is this wealth of incident and its relation to the present life of the Province, that the author has attempted to delineate. . . . he ventures the hope that what he has gathered, what he has learned, what he has been able to piece together, will not be without its interest to the present day population of a Province with extraordinary possibilities. He has deemed it wise to spend time and energy in attempting to describe the life and character, the effort and experience of the pioneers in the foothill Province. But it is not merely the history (if he may use such a term) of the white Bahnbrecher (pathbreakers) that he has labored to present, it is also the romantic traditions, the unique features of Indian tribes and peoples.³⁵

³⁴ A.O. MacRae, History of the Province of Alberta, Calgary: Western Canada History Company, 1912, Vol. I, p. v.

³⁵ Ibid., pp. iii-iv.

MacRae's interest in the "Red Race" was much greater than most writers of the time, but it was, like most, deeply racist:

These peoples and tribes on the Western rivers and plains lived the life of feeling and imagination, a life not ruled by the dictates of any well developed or well trained reason. But because this life was so elemental, so full of passion and desire and imagination, there were romantic strains, poetic possibilities, outbursts of picturesque eloquence that were significant, especially to the comparative psychologist. They showed the human race in the childlike period, the period when generations of men and women came and went without being touched by the forces of civilisation, without passing beyond the stage when love and lust, appetite and gormandising, injury and revenge, were strangely intermingled. The thoughts and fantasies of such a nature-people must have been strangely like the dream consciousness of the animals in some respects, and yet there was distinctiveness.³⁶

Moreover, despite MacRae's claimed interest in the "book of Indian life and conduct and experience", there is no room for Native figures in over a volume and a third of syrupy biographies of the white settler bourgeoisie.

MacRae's history is suffused with the optimism of a rising and prosperous class:

The marked progress of Alberta in all departments of modern civilized life has been the wonder of present day observers. . . . The Province bears all the earmarks of a country that has wonderful promise for the future. There can be no doubt that it will be the home of many hundreds of thousands, and with the astonishing wealth of natural resources it can confidently look forward to be the rival of the oldest and wealthiest of the Provinces of the Canadian Confederation.³⁷

But such confidence was soon weakened by the general crisis which broke out during World War I. In a book written in the later 1920s under the pen-name "Politicus", MacRae reflected an embittered anger and prevalent disillusionment:

³⁶ Ibid., p. 60.

³⁷ Ibid., pp. 473, 474.

It is pathetic to hear the confession of a man who was young in 1900, and who, filled with enthusiasm for his Canada, was a red-hot Imperialist. . . . Hear his words. "I have given up hope now of seeing Canada any more than what she is in population, in my time. I see a few richer, a few in great power, and spreading themselves in a commercial way; but Canada as a promised land, that should be filled with the chosen overflow from Britain and with the best from Europe, has neither the power to attract nor yet to hold those that should be her settlers. She has been made a way-station. . . ."

The Twentieth Century was to have been Canada's Century; it was to have seen this Lion's Whelp rise out of tutelage to be master of his destiny, and take his place beside the best in a community of nations, inspired with the Imperial idea of Anglo-Saxon Brotherhood, and with the enthusiasm for a future federation of the great human family.

And what a disillusioned individual is the hopeful young Canadian student of history, who dreamed such a dream.³⁸

In pointing to the several examples above of the influence of imperialist ideology in approaches to the development of the western interior and Alberta, one is only, in a sense, scratching the surface of a profound world-wide phenomenon. The material basis of the ideological outpouring was the expansion of capitalist colonialism and the rise of modern imperialism, and it is in relation to the development of capitalism, through all its many and varied phases, that future analysis of the ideological underpinnings of the approaches needs to proceed. Such as yet uninitiated study will help realize a more objective estimate of the historical significance both of the approaches as a whole and of particular approaches, including their pervasiveness, their internal differentiation, and the tensions and changes which occurred among them as capitalist development proceeded. Equally important, it will also bring into sharper focus class,

³⁸ A.O. MacRae ("Politicus"), What is the Matter with Canada? Addresses Arranged for Delivery in the Extension Course of a Canadian University, But Published Anonymously Instead, London: Arthur H. Stockwell, 1927, pp. 11-12.

national, and other societal dimensions of the material in ways which make academic inquiry of greater value for present day affairs, and will not reveal the far greater range of approaches outside the relatively narrow circle of published materials touched on thus far.

On this last point, it must be emphasized that the dominance, if not absolute hegemony, of imperialist ideology in pre-World War I approaches to the development of the western interior did not mean that other, more critical and radical, approaches were unavailable. There was a considerable "literature of protest"³⁹ and several notable attacks on the established conceptions were published both inside and outside Canada. Perhaps, the most long-lasting was A History of Canadian Wealth by the American journalist Gustavus Myers, which was published at Chicago in 1914.⁴⁰ Edward Porritt produced a sharply critical history of Dominion tariff legislation and a subsequent volume emphasizing the impact on western Canada entitled, The Revolt in Canada against the New Feudalism.⁴¹ The "rise of combines" came under fire in H. Percy Scott's The New Slavery.⁴² In Europe, numerous discussions of imperialism were taking place. J.A. Hobson's book, Imperialism: A Study was published in 1902, and Hobson himself was interested in the Canadian experience.⁴³ And, if Canadian academic writing did

³⁹See, for example, F.W. Watt, "Literature of Protest", in C.F. Klinck (general ed.), Literary History of Canada: Canadian Literature in English, Toronto: University of Toronto Press, 1965, pp. 457 and 473; and S.B. Ryerson, Unequal Union, Toronto: Progress Books, 1968.

⁴⁰Gustavus Myers, A History of Canadian Wealth, with an Introduction by Stanley B. Ryerson, Toronto: James Lewis and Samuel, Publishers, 1972.

⁴¹Edward Porritt, Sixty Years of Protection in Canada, 1846-1907: Where Industry Leans on the Politician, London: Macmillan and Company, 1908; Edward Porritt, The Revolt in Canada against the New Feudalism: Tariff History from the Revision of 1907 to the Uprising of the West in 1910, London: Cassell and Company, 1911.

⁴²H. Percy Scott, The New Slavery, Toronto: William Briggs, 1914.

⁴³Lewis H. Thomas, op. cit., pp. 193-194. See also, J.A. Hobson, Canada Today, London: T. Fisher Unwin, 1906.

not generally reflect critical interpretations of imperialism, at least one V.I. Lenin had read some material by Gustavus Myers on Canada,⁴⁴ before writing his Imperialism: The Highest Stage of Capitalism in 1916.

In general, it was not until after World War I and the first general crisis of capitalism as a system, that even mildly critical positions began appearing in the academic literature. The general weakness of economic history in the pre-World War I period can be traced in part to the threat posed by the discipline's tendency towards materialistic explanations of historical phenomena. In these years, economic theories of imperialism such as those of Hobson and Lenin, were broadly critical of imperialism. Carl Berger has claimed that:

Without denying that the economic interpretation of history has been an extremely fruitful hypothesis, it should be borne in mind that it has also functioned as a weapon of criticism and reform. This is certainly how it was enlisted in the battle against imperialism.⁴⁵

In fact, economic interpretations of history have been many and varied, including some of a reactionary rather than critical character, although in this period, prior to World War I, when imperialist ideology had such an overwhelmingly powerful hold and was so crudely idealistic and reactionary in character, it was generally the case that "economic interpretations" of history did have a critical impact. Nevertheless, much of what was written as economic history did not treat the development of imperialism as such, but a much narrower--and safer--range of phenomena. Academic political

⁴⁴ See V.I. Lenin, Collected Works, Moscow: Progress Publishers, 1968, Vol. 39, pp. 671-672.

⁴⁵ Carl Berger, The Sense of Power: Studies in the Ideas of Canadian Imperialism, 1867-1914, Toronto and Buffalo: University of Toronto Press, 1970, p. 7.

economy in English Canada, which suffered from the backwardness inflicted by colonialism, was centered at McGill, Queen's and the University of Toronto, and was closely tied to British laissez-faire doctrine.⁴⁶ From both the policy and theory standpoints, the early political economists also closely served the Canadian capitalist outlook and imperialist expansion. Stephen Leacock of McGill University, who was an active advocate of British imperialism, went so far as to suggest that "in the modern world a university is not a cloister, that a university must be prepared to be an acting part of the driving machinery of civilization."⁴⁷ At the level of theory, criticism was constrained by the strong support given to the economic liberalism of such writers as J.S. Mill and Adam Smith. Adam Shortt was not alone when he attacked the "socialistic" labour theories of value and defended the superiority of Mill.⁴⁸ The implications of the choice of value theory for the adequate explanation of regional development will be considered in a later chapter. Suffice it to note here that Shortt might have improved his approach by looking more closely at another of the views of Mill:

⁴⁶ See C.D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, 1814-1914, Durham, N.C.: Duke University Press, 1961, Chapters 5 and 6.

⁴⁷ Cited in Carl Berger, op. cit., p. 209. Leacock wrote a book on the Prairies which is of some interest but of little relevance to the theory of Prairie development. (Stephen Leacock, My Discovery of the West: A Discussion of East and West in Canada, Boston and New York: Hall, Cushman and Flint, 1937.)

⁴⁸ See Adam Shortt, "Critical Notes: The Basis of Economic Value", Queen's Quarterly, Vol. II, No. 1, July 1894, pp. 71-73.

Whenever there is an ascendant class, a large portion of the morality of the country emanates from its class interests, and its feelings of class superiority.⁴⁹

⁴⁹ J.S. Mill, "On Liberty", in Utilitarianism on Liberty, and Considerations on Representative Government, edited by H.B. Acton, London: J.M. Dent and Sons, 1972 (first edition, 1859), p. 70. It is interesting that the ideas of Mill, a long-time official of the British East India Company, spread so well in the Canadian sector of the British Empire.

Chapter Two

Post-World War I Approaches to the Development of Alberta and the Western Interior of Canada

Capitalism carries in itself war, like clouds carry rain.
Jean Jaurès (1902)

World War I was a watershed in the history of modern imperialism. While imperialism remained, the acute general crisis that broke out, which saw the growth of the working class and anti-colonial movements and the October Revolution (1917) in Russia, fundamentally altered the balance of politico-economic forces faced both internationally and domestically in Canada, including the Prairie provinces. The effects were clearly evident in a sharp reaction against British imperialism and its ideology. Desmond Pacey has commented:

The First World War effectually obliterated in Canada whatever traces of "high colonialism" had survived the boom of the first decade of the twentieth century and the bitter debates over reciprocity with the United States and the Navy Bill for empire defence. The War shattered the core of common beliefs and attitudes suggested by the adjective "high"; the mood of Canada in 1918 and 1919 was angry, sceptical, and restless. And if Canadians were not yet sure what role they wished their country to play in the world, they were virtually all agreed that it should not be that of a colony.
Change was everywhere. . . .¹

While change was everywhere, neither imperialism nor imperialist ideology had evaporated. This chapter will point out some of the proliferation of new approaches and forms in which imperialist ideology was carried.

¹ Desmond Pacey, "The Writer and His Public, 1920-1960", in Carl F. Klinck (general ed.), Literary History of Canada: Canadian Literature in English, Toronto: University of Toronto Press, 1965, p. 477.

During the post-World War I years, one observes the impact of the greater number and depth of capitalist crises, and, as a consequence, a growing differentiation among approaches, including among writers still inclined "to depict capitalist slavery in bright colours". Nonetheless, the shift in locus or points of consensus of academic and official approaches should not be exaggerated, for example, to suggest, as does Pacey, that all traces of 'high colonialism' had vanished. As we shall see, imperialism was more durable.

Among the most influential of early post-World War I Canadian writers on the western interior was Chester Bailey Martin (1882-1958). Martin's work, like that of E.H. Oliver, actually spanned the war period, and his acceptance of a position at the University of Manitoba in 1909 made him the first major professional historian of the western interior.² However, most of Martin's work, and certainly his important studies of Dominion Lands policy appeared after World War I.

Martin contributed two early articles, "The Red River Settlement" and "Political History of Manitoba, 1870-1912", to the Canada and Its

²L.G. Thomas states that Martin was "a scholar who has a special place in the historiography of the Canadian West. Prior to Martin's appearance the major contributions to western Canadian history were made by those who were not professional historians. By that rather awkward phrase I mean those who earn their living primarily by the study, teaching and writing of history. . . . Martin's acceptance in 1909 of a position at the University of Manitoba does however mark a turning point of some significance in the historiography of the Canadian West. . . . Lord Selkirk's Work in Canada appeared in 1916. It was the first really scholarly treatment of an important and controversial figure in the West. . .

Martin's work also illustrated another trend of some importance in western historiography. Earlier writers had dealt with western subjects as incidental to or as extensions of an interest in Canadian history in general. Martin used his studies in regional history as the basis for a consideration of national history in its broadest terms." ("Historiography of the Fur Trade Era", in Richard Allen (ed.), A Region of the Mind: Interpreting the Western Canadian Plains, Regina: University of Saskatchewan, Canadian Plains Studies Centre, 1973, p. 80.)

Provinces series published before the War.³ While more scholarly in character than most previous work on the Prairies, the articles revealed the strong presence of British imperialist ideology which continued to play a prominent role in his approach following the war. In most respects, Martin's approach tended to treat development from the standpoint of constitutional-legal changes and official pronouncements; the theory of political economy played almost no role. For instance, in treating the struggle for free trade against the H.B.C. monopoly, Martin wrote:

The 'fight for free trade' had served a purpose more far-reaching than a 'way to prosperity' by traffic in furs. It became a kind of political awakening to the deficiencies of patriarchial government and to the conflicting interests of settlement and fur trade. The licences granted by the British to the company in 1821 and 1838 imply that the moral debasement of the savage was feared from the economic freedom of the settler. The company was designed for the welfare of the Indian and the profit of the shareholder; it afforded little scope for British citizenship. . . . To the end of the company's rule the settlement was without the ballot, and cut off by trading interests from kinship with self-governing colonies under the crown. Repression rather than oppression was the sin of the company.⁴

Corresponding to Martin's enduring praise for British citizenship and 'constitutionality', and an uncritical approach to British colonialism is an almost complete absence of any notion of economic exploitation or class interest. Thus, while Martin appears as concerned with 'colonial status' and a strong advocate of "responsible government" along 'British lines', he was far from providing an adequate and

³Chester Martin, "The Red River Settlement" and "Political History of Manitoba, 1870-1912", in A. Shortt and A. Doughty (eds.), Canada and Its Provinces, Vol. XIX, Section X (The Prairie Provinces), Part I, pp. 13-93 and pp. 97-143.

⁴C. Martin, "The Red River Settlement", pp. 57-58.

realistic account of the political economic significance of colonialism, a point demonstrated by the 'anomaly' of his less than democratic attitude towards the position of the Native population and French Canada.⁵

Careless suggests that Martin should be treated as being part of the historiographical "School of Political Nationhood" which was concerned with "the peaceful and piecemeal evolution of Canada to nationhood". Martin belonged to the first phase of this school in which there was "really no sharp break" with the pre-War "Britannic School";⁶ "The first of these [phases] mainly treated the achievement of responsible government and confederation, and on the whole was favourably disposed to things British, since leading historians like Chester Martin and R.G. Trotter saw these national advances as being considerably aided by British advocacy and still as taking shape within the general framework of British institutions."⁷

In part, this related to what was, perhaps, Martin's most important 'Western' preoccupation, the status of the Prairie provinces within the Confederation arrangements and "the nation", especially the control of public lands. The roots of his most prominent book on development in the western interior, "Dominion Lands" Policy (1938), were found in his pre-War writing:

Manitoba entered Confederation under circumstances that scarcely promised either domestic harm-

⁵Of Riel and the Red River Rebellion, for example, Martin wrote: "Riel ended a restless and unbalanced career on the scaffold, tainted by ignoble motives and discredited by the men he had deceived. The cost of the insurrection of 1869, in money and in religious and racial hatred, can scarcely yet be computed." (Ibid., p. 93.)

⁶J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", pp. 65-66.

⁷Ibid., p. 65.

ony or pleasant relations with the other provinces of the Dominion. The inhabitants of the Red River settlement were 'sold like sheep' in a commercial transaction which was negotiated from a London board-room. The Manitoba Act was effected by an insurrection which secured immediate concessions only by antagonizing forces which have since destroyed those concessions more completely perhaps in Manitoba than in any province in Canada. The cost of establishing Canadian authority was not forgotten in determining the financial status of the province. Ontario and Quebec, bound over to keep the peace by the terms of Confederation, have fought out their difficulties on Manitoban soil. . . . Crown lands were withheld. . . . The 'monopoly clause' was defended. . . . 'Disallowance' . . . Autonomy in education . . . The extension of the boundaries . . . the reduction of freight rates The exponents of 'Manitoba Rights' can scarcely be accused of diffidence in making known their demands; but no Canadian province, perhaps, has contended so continuously against disadvantages and political grievances. Only after forty years has Manitoba been placed upon an approximately equal footing with the other provinces of Confederation. The control of her resources is yet to be acquired.⁸

Following the war, Martin's "nationalism" became more pronounced, as did his preoccupation with "the natural resources question". In 1919-20, he authored for the Manitoba government a volume outlining the mainly constitutional-legal arguments for provincial control of "Dominion Lands".⁹ In essence, Martin argued the issue was "whether Manitoba is a 'colony' or a province of the Dominion"¹⁰ and advocated a "return to sound British constitutional principles"¹¹ which was the full beneficial control of the public domain by self-governing provinces: "In fact, so fundamental and

⁸C. Martin, "Political History of Manitoba", pp. 138-139.

⁹C. Martin, "The Natural Resources Question": The Historical Basis of Provincial Claims, Winnipeg: King's Printer, 1920.

¹⁰Ibid., p. 10.

¹¹Ibid., p. 14.

so widely recognized are these principles--largely through the Canadian precedent after 'responsible government'--that in all the self-governing provinces and the Dominions of British Empire the Prairie Provinces of Canada constitute the only exception to their operation."¹²

Martin's position was elaborated on a larger scale in a 1922 article on "The Colonial Policy of the Dominion".¹³ In a subsection of the article entitled "From Confederation to Empire" he made some notable claims about the western interior in relation to Canadian development:

The exercise of imperial functions by the federal government over areas in subordinate territorial status involved a far-reaching change, it would seem, in the nature and amplitude of the original Canadian Confederation.

Had the contention of the original province of Canada prevailed before Confederation, the annexation of Rupert's Land and the North-Western Territories would perhaps have raised no constitutional difficulties in the Dominion in 1867. Had the districts of the Saskatchewan and Red Rivers been united to "Canada" (as the Committee of the British House of Commons recommended in 1857), as new territory was added to British Columbia in 1863, or to Ontario and Quebec in 1912, representation in the "Canadian" legislature would have followed as a matter of course. The new territory would have been on an equal footing with the old, for the best of reasons that it would have been indistinguishable from it.

The Confederation of 1867 raised a new set of legal problems within the British Empire, but it is curious that a prospective imperial rôle for the Dominion with regard to subordinate territory was not immediately recognized as one of them.¹⁴

The high point of Martin's writing on the Prairies came after the

¹²Ibid., p. 10.

¹³C. Martin, "The Colonial Policy of the Dominion", Royal Society of Canada, Transactions, Secion II, 1922, pp. 35-47.

¹⁴Ibid., p. 36.

transfer of Dominion Lands to the Prairie provinces in 1930 with the publishing of "Dominion Lands" Policy during the Great Depression years. This book laid out his mature perspective;

But if 1870 marked the end of one epoch it also marked the beginning of another. The westward expansion of the new Dominion was a "national necessity", and it could be brought to pass only by policies truly national in their scope. It was determined to retain the public lands as a national appanage to be "administered by the Government of Canada for the purposes of the Dominion". . . . The twin problems of railways and settlement could be solved by no other expedients at the time. These were "good and sufficient reasons of public policy", and they have never been disputed; but the process had consequences that could scarcely have been foreseen. It transformed the Dominion from a federation of equal provinces into an empire with a quarter of a continent of "Dominion Lands" under direct federal administration. For sixty years this vast domain was "administered by the Government of Canada" until the historic "purposes of the Dominion" were fairly achieved, so far as public lands could help to achieve them.¹⁵

For Martin, the ending of the sixty-year "cycle of 'Dominion Lands'" was also the conclusion of the first epoch of Prairie development. The 1930s began the second epoch in which the Prairie Provinces were "now turning to less spectacular problems of readjustment."¹⁶

In "Dominion Lands" Policy and in subsequent writings,¹⁷ Martin's approach remained conservatively focussed on the formalized official policies of Dominion Lands administration and official pronouncements. The motive political economic forces were little discussed; "national necessity", for example, obscured more than it discerned. Other dimensions of internal

¹⁵ C. Martin, "Dominion Lands" Policy, p. 196.

¹⁶ Ibid., p. 198.

¹⁷ See, for example, C. Martin, Foundations of Canadian Nationhood, Toronto: University of Toronto, 1955, Part IV.

colonization, particularly the productive base of Prairie development and the role of finance capital, were ignored. There were "great national enterprises" (railways and settlement) but, as ever, hardly a hint of exploitation or class interests. Indeed, the character of "Dominion Lands" Policy, especially considering political economic conditions around the time of its appearance, was noticeably muted, including by comparison to Martin's writings of the 1920s.¹⁸ And, while the 1930 transfer of Dominion Lands may have satisfied Martin's preoccupation with constitutional equality of the Prairie Provinces with the other provinces, his type of approach actually did not provide a sufficient explanation of uneven development in the western interior. Constitutional equality was, no doubt, a necessary condition in achieving 'equality' for the Prairie Provinces, but equality in law did not imply, nor did it lead to, actual equality in capitalist development.¹⁹ Despite the influence of this general approach, it was inevitable that less narrow--and less conservative--trends would arise.

The first and only significant history of Alberta published during the interwar years was Alberta Past and Present²⁰ by John Blue (1874-1945), the Provincial Librarian. Published in Chicago in 1924, Blue's two volumes

¹⁸ For further comment on Martin's approach see L.H. Thomas's "Introduction" to "Dominion Lands" Policy, Toronto: McClelland and Stewart, 1973, pp. ix-xviii.

¹⁹ One is reminded, for example, of Anatole France's pointed observation: "The law, in its majestic equality, forbids all men to sleep under bridges, to beg in the streets, and to steal bread--the rich as well as the poor."

²⁰ John Blue, Alberta Past and Present: Historical and Biographical, Chicago: Pioneer Publishing Company, 1924, 2 Vols.. Blue also wrote a short booklet, The Jubilee of Confederation, 1867-1917, Edmonton: Department of Education, 1917.

conveyed much of the same confident and generally uncritical 'facts of progress' outlook present in A.O. MacRae's two volumes of Alberta history published in the pre-war period. While not strictly a sequel to the MacRae book, Blue's book treats in more depth the economic and political development of Alberta since the turn of the century--"the marvellous transformation of the Great Lone Land into the rich and populous Alberta of today."²¹ Blue had a similar fixation on the "wonderful material development of the province since it was opened for settlement", but emphasized more strongly the political development of the Province which he suggested was "highly illustrative of the manner in which responsible government grows in free communities."²² Blue's second volume was devoted entirely to laudatory biographical sketches, again, exclusively of the leaders of the white settler bourgeoisie.

By comparison to the MacRae book, John Blue's approach was much less afflicted by blatant imperialist ideology. Further, his approach demonstrated in its particular compendiousness a broader awareness of certain features of the province's development, for instance, by the inclusion of a chapter on labour and labour legislation in Alberta. However, even in this area one can notice a considerable effort to portray the myth of 'social harmony' in capitalist development:

. . . the history of labor in Alberta has been marked by a great change in the attitude of employers and even governments towards workers. Though the claims of the organized workers have often been thwarted and sometimes vexatiously delayed, progress has been steady and permanent. The attitude of labor is understood by the public today and the right of organized and collec-

²¹John Blue, Alberta Past and Present, p. v.

²²Ibid., p. v.

tive action is now an undisputed maxim of our social economy.²³

Despite his advance over the work of MacRae, especially in recounting a wider range of material relating to economic and political development, Blue fell into the 'conservative' trend of writing in Canada after World War I which remained content to record 'facts of progress',²⁴ and faithful in portraying the 'bright side' of capitalist development and a benevolent bourgeoisie. John Blue, like several more prominent writers to be considered in this chapter, could find no place to record 'disparity', let alone 'exploitation'--despite the many changes wrought on imperialism and its ideology by World War I.

The Emergence of the Staple Theory

During the latter part of the war and its aftermath a flurry of publications appeared on two major areas deeply affecting the Prairies, the crises in railway transportation and agriculture. Writing on "the railway problem", long a bell-wether of general trends, was deeply involved with the issues of nationalization of the non-C.P.R. lines into the Canadian National Railways system (1921-23) and the freight rates issue, which was exacerbated by the Borden government's suspension of the Crow's Nest Pass freight rates from 1918 to 1923. While most pieces tended to be crude

²³Ibid., p. 398.

²⁴Not long afterwards, in 1929, the Province actually published a useful volume of 'statistics of progress': Alberta, Publicity and Statistics Branch, Statistics of Progress: Facts and Figures Showing Development from 1906 to 1928, Edmonton: King's Printer, 1929.

laissez-faire polemics against nationalization²⁵ or historical defences of the private railroad companies,²⁶ there did appear two major books by Canadians which grew out of doctoral dissertations done in American universities. The first, Railway Rates and the Canadian Railway Commission²⁷ was written by Duncan A. MacGibbon (1882-1969) and reflected a more realistic rather than apologetic approach to the behavior of the private railway monopolies.

The other was A History of the Canadian Pacific Railway²⁸ by Harold A. Innis (1894-1952), which grew out of his doctoral dissertation for the University of Chicago and was published in 1923. The approach taken by Innis, like that of most of his contemporaries, still contained imperialist ideology, but was coupled with more realistic geographical-technological determination:

Though almost two centuries and a half elapsed between the date of the earliest attempt to discover the North-West Passage and the completion of the Canadian Pacific Railway in 1885, both occasions were landmarks in the spread of Western civilization over the northern half of Northern North America. The spread of civilization was dependent on

²⁵ See, for example, Fabius, 52 Questions on the Nationalization of Canadian Railways, Toronto: J.M. Dent and Sons, 1918; William H. Moore, Railway Nationalization and the Average Citizen, Toronto: McClelland, Goodchild and Stewart Publishers, 1917; William H. Moore, The Irresponsible Five: A New Family Compact, Toronto: McClelland, Goodchild and Stewart, 1917 (the title refers to the directors of the then proposed publicly-owned Dominion Railway Company); Sir Thomas Tait, A Solution to the Canadian Railway Problem, pamphlet, 1917.

²⁶ See, for example, E.B. Biggar, The Canadian Railway Problem, Toronto: Macmillan, 1917; R.G. MacBeth, The Romance of the Canadian Pacific Railway, Toronto: Ryerson, 1924.

²⁷ D.A. MacGibbon, Railway Rates and the Canadian Railway Commission, New York: Houghton Mifflin, 1917.

²⁸ H.A. Innis, A History of the Canadian Pacific Railway, with a Foreword by Peter George, Toronto and Buffalo: University of Toronto Press, 1971 (first edition, 1923).

the geographic characteristics of the area and on the character and institutions of the people involved. The rapidity and direction of the growth of civilization were largely dominated by the physical characteristics, the geographical formations, the climate, the topographical features, and the consequent flora and fauna which these conditions produced. Topographical features which determined to a large extent the character of the drainage basins, and consequently of the rivers, were of primary importance. . . . The heights of land as boundaries to drainage basins were to some extent boundaries to exploration and to a large extent boundaries to settlement. Early civilization was confined by those limits to three distinct areas (the Pacific Coast, the Hudson Bay and the St. Lawrence drainage basins). The Canadian Pacific Railroad was tangible evidence of the growth of civilization beyond these boundaries.²⁹

At the same time, Innis was aware of the growing movement of protest, particularly the Progressive Party, against the railway companies and Dominion railway policies, although he viewed them in regional rather than class terms and, in a fatalistic fashion, avoided fundamental criticisms of the character of capitalist expansion:

. . . the tax which has been paid by western Canada as a result of the particular attitude of eastern Canada has provoked a movement the strength of which is difficult to estimate. . . . The rise of the Progressive party, its increasing strength with increasing population in western Canada--a population with characteristics similar to those of eastern Canada--with its attitude toward the railway rate problem, toward the natural resources question, and toward the tariff, will become increasingly significant, but prediction is dangerous. On the whole, important as the movement must become for the future development of the country, the dominance of eastern Canada over western Canada seems likely to persist. Western Canada has paid for the development of Canadian nationality, and it would appear that it must continue to pay. The acquisitiveness of eastern Canada shows little sign of abatement.

The Canadian Pacific Railway, as a vital part of the technological equipment of western civiliza-

²⁹Ibid., pp. 1-2.

tion, has increased to a very marked extent the productive capacity of that civilization. It is hypothetical to ask whether under other conditions production would have been increased or whether such production would have contributed more to the welfare of humanity.³⁰

The writings which appeared relating to the crisis in agriculture tended to focus on the farmer opposition and the co-operative movement.³¹ Among the several significant studies which grew out of doctoral dissertations at American universities³² was Agricultural Cooperation in Western Canada by W.A. Mackintosh (1895-1970) who became a professor of Economics and later principal at Queen's University. Mackintosh's book gave an early expression to what became one of the most prominent approaches to Canadian and prairie development--"the staple theory". In the Preface to his book, Mackintosh commented:

The most significant phase of the economic history of America seems to the writer to have been the endeavour of agricultural regions to obtain access to large and expanding markets. The great expansions and migratory movements of the nineteenth century were based on the market for cotton, the market for wheat, the market for livestock and for dairy products. . . . Wheat brought the expansion of Ontario (Canada West) in the fifties and sixties out of which came the necessity of Confederation, and wheat and the market for wheat produced the Canadian West and gave to it its economic and political importance. In rendering that market

³⁰Ibid., p. 294. With regard to Innis's interest in the Prairie co-operative movement, it is useful to consider H.A. Innis (ed.), The Diary of Alexander James McPhail, Toronto: University of Toronto Press, 1940, especially pp. vii-x.

³¹See, in particular, William Irvine, The Farmers in Politics, with an Introduction by Reginald Whitaker, Toronto: McClelland and Stewart, 1976 (first edition, 1920); Louis Aubrey Wood, A History of Farmer's Movements in Canada, with an Introduction by Foster J.K. Griezic, Toronto and Buffalo: University of Toronto Press, 1975 (first edition, 1924); Harald S. Patton, Grain Growers' Cooperation in Western Canada, Cambridge: Harvard University Press, 1928.

³²For further discussion see H.A. Innis, "The Teaching of Economic History in Canada" in Mary Q. Innis (ed.), Essays in Canadian Economic History, Toronto and Buffalo: University of Toronto Press, 1973 (first edition, 1956), pp. 5-6.

available and in gaining access to new markets for live-stock, wool and dairy products, cooperative organization has been of the first importance.³³

But the essence of his approach was the explanation of settlement, particularly frontier settlement, in terms of the development of marketable staples, that is, "natural" or relatively unprocessed products:

In the settlement of new countries one problem takes precedence over all others--the problem of discovering a staple product with a ready market. The world makes a path to the doors of those regions fortunate enough to possess such a product, and all commodities of other countries are obtainable in exchange. Tobacco and cotton, with their open and expanding markets in Europe, brought commerce, prosperity and culture to the Southern States before New York and Pennsylvania, producing their heavy, undesirable products of lumber and grain, were able to emerge from the "pioneer" stage--marketless and primitive. So well do young communities understand this fact, that it is almost possible to write the history of settlement in North America in terms of the search for new vendible products such as hemp, in Lower Canada, or the attempts to concentrate bulky products, chiefly grains, into forms that could be transported to far-distant markets. The pork industry and the distilleries of the Mississippi Valley are examples of this latter tendency.³⁴

Mackintosh's approach was strongly influenced by the "Frontier school" of F.J. Turner emerging in the pre-World War I U.S. and, in particular, by the American economic historian, G.S. Callender. In fact, Mackintosh's best known article on the staple approach contains an initial footnote recognizing, "The point of view of the article has been suggested by the writings of Professor F.J. Turner and the late Professor G.S. Callender."³⁵

³³W.A. Mackintosh, Agricultural Cooperation in Western Canada, Queen's University Press, Toronto: Ryerson Press, 1924, pp. vii-viii.

³⁴Ibid., p. 1.

³⁵W.A. Mackintosh, "Economic Factors in Canadian History", Canadian Historical Review, Vol. IV, No. 1, March 1923. Reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967, p. 1.

Mackintosh's approach began with rough east-west categories representing, respectively, the edge or frontier of settlement and the centre (of civilization):

The initial fact to be noted is that for several reasons, structural and climatic, North America faces Europe. . . . If we then start with the fact of the European colonization of the Atlantic coast, the structure of American barriers, plains, and waterways takes on a special significance. That structure shaped the course of westward progress; it facilitated or hindered the connection of the frontier with the older settlements and with Europe; it selected to some extent its own settlers; and together with other factors it determined the trend of industrial production.³⁶

Given this concept of a "new country" or "empty land", the staple becomes a necessary condition for economic advance: "The prime requisite of colonial prosperity is the colonial staple",³⁷ especially "a compact, saleable, transportable staple."³⁸ The two main factors affecting internal expansion are, firstly, the "barriers to westward advance" and, secondly, "the barriers making difficult the continued communication with the older settlements", both of which were seen as geographical and technical in character.³⁹

In dealing with Canadian economic development, Mackintosh suggested that in Canada West (roughly, southern Ontario)--the old "Western Canada"--during the 19th century prior to 1867, Canada was passing out of the colonial stage on the basis of the wheat staple:

³⁶Ibid., p. 2.

³⁷Ibid., p. 4.

³⁸Ibid., p. 7.

³⁹Ibid., p. 6.

Combined with the improvement of land and water transportation, and the substantial rise in grain prices resulting from the Crimean War, the larger local market, which the treaty [the Reciprocity Treaty of 1854] gave, brought relief to the blocked colony. For more than half a century Western Canada had striven to reach the goal of colonial existence, the production of a staple export commodity. With this period the country passed from a stage of primitive diversified agriculture to the one-crop stage, the period . . . "when wheat was king". Though not without its variations that period lasted until the end of the Civil War (1865) and the repudiation of the Reciprocity Treaty (1866). The various phases of that period of abounding prosperity, with its railway politics, bank expansion, and incidental protection, are sufficiently well known. Economically, Canada was passing out of the colonial stage.⁴⁰

For the western interior, the "Laurentian barrier" formed the major frustration to internal expansion and, consequently, expansion turned towards the American frontier:

After 1870, the cream of the immigrant and native population was drawn off to the easily settled prairie regions of the Upper Mississippi. The New West of the Canadians was the American North West. The Canadian frontier was the American frontier. In that period all the vitality which a moving frontier absorbs from a people, and gives back again, was lost to the communities of Canada. The export of men was draining the very life-blood of Ontario rural settlements. Canadian development was once more thwarted by geography.

It is this western frustration of Canadian development that furnishes the background for the construction of the Canadian Pacific Railway, and for the "transcontinentalism" of present day Canadian transportation.⁴¹

With the completion of the Canadian Pacific Railway the "frustration of progress" was overcome:

With the building of the Canadian Pacific and its

⁴⁰Ibid., p. 12.

⁴¹Ibid., p. 13.

coming to effectiveness in the nineties, just when forces external to Canada were bringing grain prices to higher levels, the western barrier was substantially overcome, and a period of phenomenal expansion set in. Once more a Canadian region by reason of higher prices for grain and improved transportation facilities overcame its physical barriers and entered a one-crop stage of agriculture, the stage of the world staple and of prosperity.

That period of expansion from about 1900 to 1913 was not only a period of growing western settlement, but a time of solid progress in almost all parts of the Dominion. . . . A staple was exported to world markets; and, as southern cotton started the wheels of American industry and commerce in the nineteenth century, western wheat has permitted the initial step of the Canadian advance in the twentieth. It was only one commodity, and there were many; but it was the basis of that period of prosperity. The world staple primed the pump of Canadian industry.⁴²

While this approach to history compelled a greater attention to materialistic factors in Canadian and western economic development, and avoided the crude view of Canada "merely as a collection of racial types",⁴³ it did not constitute a clear break with imperialist ideology. The importing of the Turner 'frontier thesis' into Canada was a reaction to British imperialism, but the frontier concepts themselves provided a legitimation of American imperialism and, by extension, Canadian capitalist expansion.

⁴²Ibid., p. 14.

⁴³Ibid., p. 15.

Frontierism

The intellectual beginnings of the frontier school appeared in a paper delivered by Professor Frederick Jackson Turner (1861-1932) to the American Historical Association in 1893. While going through a variety of developments frontierism became the dominant school of U.S. history in the decade prior to World War I and continued to exercise a considerable influence in succeeding years.⁴⁴ In brief, the frontier thesis argued that the environment of the frontier--"the hither edge of free land"⁴⁵--had created a pioneer individualism and egalitarianism which was the most important impetus to the formation of the democracy and the new nationality of America (in contradistinction to class-ridden and reactionary Europe). There has been considerable debate over the precise meaning of the theory including the very concept of "frontier"⁴⁶, but the notion of frontier has been used widely⁴⁷ and the theory has played an important role in the ideology of U.S. imperialism.⁴⁸ It goes beyond the scope of the present discussion to treat the impact of the frontierist conception

⁴⁴ See William Appleman Williams, "The Frontier Thesis and American Foreign Policy", Pacific Historical Review, Vol. XXIV, 1955, pp. 379-395.

⁴⁵ F.J. Turner, "The Significance of the Frontier in American History", in Michael S. Cross (ed.), The Frontier Thesis and the Canadas: The Debate on the Impact of the Canadian Environment, Toronto: Copp Clark Publishing Company, 1970, p. 13.

⁴⁶ Cross briefly discusses the "frontier-as-location" and "frontier-as-process" interpretations. (Ibid., p. 1.)

⁴⁷ Fulmer Mood, "Notes on the History of the Word 'Frontier'", Agricultural History, Vol. 22, No. 2, April 1948, pp. 78-83.

⁴⁸ W.A. Williams, op. cit.. See also W.A. Williams, The Roots of the Modern American Empire, New York: Vintage Press, 1969.

of development in Canada, although the theory's influence has been considerable, particularly in the discipline of history.⁴⁹ However, the close connection of the staple theory to frontierism, especially in such early formulations as that of Mackintosh, does need to be noted.

The high point in the evolution of the frontierist approach to prairie development was the publication of the nine-volume Canadian Frontiers of Settlement series during the 1930s. The series grew out of the heightened concern with the problems facing pioneer settlement, especially as farmer criticism of past and prevailing practices intensified with the onset of the acute Great Depression crisis. A major impetus for the

⁴⁹ In addition to works cited, see, for example, A.L. Burt, "The Frontier in the History of New France", Canadian Historical Association, Report, 1940, pp. 93-99; A.L. Burt, "If Turner Had Looked at Canada, Australia, and New Zealand When He Wrote About the West", in W.D. Wyman and C.B. Kroeber (eds.), The Frontier in Perspective, Madison: University of Wisconsin Press, 1957, pp. 59-77; J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History"; S.D. Clark, The Developing Canadian Community, Toronto: University of Toronto Press, 1965; M.S. Cross, op. cit., esp. "Suggested Reading", pp. 186-188; John L. McDougall, "The Frontier School and Canadian History", Canadian Historical Association, Report, 1929, pp. 121-125; Walter N. Sage, "Some Aspects of the Frontier in Canadian History", Canadian Historical Association, Report, 1928, pp. 62-72; W.N. Sage, "Geographical and Cultural Aspects of the Five Canadas", Canadian Historical Association, Report, 1937, pp. 28-34; Paul F. Sharp, The Agrarian Revolt in Western Canada: A Survey Showing American Parallels, New York: Octagon Books, 1971 (first edition, 1948); P.F. Sharp, "Three Frontiers: Some Comparative Studies of Canadian, American, and Australian Settlement", Pacific Historical Review, Vol. XXIV, 1955, pp. 369-377; G.F.C. Stanley, "Western Canada and the Frontier Thesis", Canadian Historical Association, Report, 1940, pp. 105-114; George R. Taylor (ed.), The Turner Thesis: Concerning the Role of the Frontier in American History, Lexington, Mass.: D.C. Heath and Company, 1972 (first edition, 1949); Russell Ward, "Frontierism and National Stereotypes", Canadian Historical Association, Report, 1964, pp. 52-60; Morris Zaslow, "The Frontier Hypothesis in Recent Historiography", Canadian Historical Review, Vol. XXIX, 1948, pp. 153-167.

One of the most telling contradictions of frontierist ideology appeared in the Mackenzie Valley Pipeline Inquiry (The Berger Commission) hearings; the Report was entitled "Northern Frontier, Northern Homeland".

project came from the American Geographical Society and the Social Science Research Council in New York. The latter funded a five year research program (1929-33) which was directed by a "Canadian Pioneer Problems Committee". The purpose of the program was "the scientific study of settlement in Western Canada". As W.A. Mackintosh wrote in the early 1930s:

At the moment also the control of available land has passed from the Dominion Government to the three provinces of Manitoba, Saskatchewan and Alberta. These governments must perforce establish policies, and the record of experience has already led them to decide against the traditional policy of free land. With further mechanization of farming it is possible that the settled area may contract rather than expand. No time could be more opportune for making a scientific study of settlement in Western Canada. The records of the period of rapid settlement are available for study: new policies of settlement must be framed.⁵⁰

In his Introduction to the Canadian Frontier of Settlement series, Mackintosh again showed the ties of his work with state policy and hoped that the series would make "some contribution toward the development of economic and social planning in a field where the costs of planless development are peculiarly heavy."⁵¹

In certain respects, as will be noted later, there is here an interesting parallel with much earlier efforts at "scientific" approaches to colonization and settlement, which also occurred during periods of crisis, particularly in the 1820s and 1830s.

Isaiah Bowman (1878-1950), the Director of the American Geographical Society, was a key figure in the movement for a "science of settlement".

⁵⁰Joerg, W.L.G. (ed.), Pioneer Settlement: Cooperative Studies by Twenty-six Authors, American Geographical Society Special Publication No. 14, New York: American Geographical Society, 1932, pp. 6-7.

⁵¹W.A. Mackintosh, Prairie Settlement: The Geographical Setting, Toronto: Macmillan Company of Canada, 1934, p. xv.

His book, The Pioneer Fringe, published in 1931 by the Society, was intended "to sketch the outline of a 'science of settlement' to set forth the ideas that have moved men to take such diverse paths, and to provide a description of the different environments in which so many men elect to meet destiny."⁵² The Society also published a volume under the editorship of W.L.G. Joerg (b. 1885) containing twenty-six individual studies of prairie settlement ranging from North America, to South America, to Africa, to the U.S.S.R., to Asia, and to Australia. Six studies relating to Canada were produced by W.A. Mackintosh, R.W. Murchie, Chester Martin, D.A. McArthur, D.A. MacGibbon, and C.A. Dawson, who also formed most of the members of the Canadian Pioneer Problems Committee.⁵³ These studies were expanded to become the core of the Frontiers of Settlement series under the editorship of W.A. Mackintosh and W.L.G. Joerg.

In all, eight volumes of the series appeared, including a volume by A.R.M. Lower and H.A. Innis on the "forest and mining frontiers" which was not directly related to the western interior.⁵⁴ Although parts of

⁵²Isaiah Bowman, The Pioneer Fringe, American Geographical Society Special Publication No. 13, New York: American Geographical Society, 1931, p. xi.

⁵³Joerg, W.L.G. (ed.), op. cit., p. 7n.

⁵⁴The volumes included Vol I: W.A. Mackintosh, Prairie Settlement: The Geographical Setting; Vol. II: A.S. Morton and Chester Martin, History of Prairie Settlement and Dominion Lands Policy; Vol. IV, W.A. Mackintosh, assisted by A.B. Clark, G.A. Elliott and W.W. Swanson, Economic Problems of the Prairie Provinces; Vol. V: R.W. Murchie, assisted by William Allen and J.F. Booth, Agricultural Progress on the Prairie Frontier; Vol. VI: C.A. Dawson, assisted by R.W. Murchie, The Settlement of the Peace River Country: A Study of a Pioneer Area; Vol. VII: C.A. Dawson, Group Settlement: Ethnic Communities in Western Canada; Vol. VIII: C.A. Dawson, Pioneering in the Prairie Provinces: the Social Side of the Settlement Process; Vol. IX: A.R.M. Lower and H.A. Innis, Settlement and the Forest and Mining Frontier. The planned third volume, History of Immigration Policy and Company Colonization by D.A. McArthur and W.A. Carrothers, did not appear.

these volumes reflected many of the serious problems facing the western interior, and demonstrated a concern with several areas previously untouched in academic work, they offered little new in terms of general approaches to prairie economic development. There was a much greater awareness of state and corporate policies, but, generally, a form of geographical-technological determinism or "environmentalism" predominated.

The Great Depression Crisis

Like the crisis of World War I, the crisis of the Great Depression created a further differentiation in approaches to prairie development, and compelled greater realism and directness in analysis. Thus, for example, another major railway crisis led to another spate of writing on "the railway problem" and the history of railways,⁵⁵ and to the "Duff Commission".⁵⁶ This material was often sharply focused around such basic questions as the form of ownership and the role of the state in reference to railways yet, necessarily, it raised many questions about prairie development. Settlement and colonization policy, which had been closely associated with the powerful railway companies and the federal government,

⁵⁵Among the best were Lesslie R. Thomson, The Canadian Railway Problem: Some Economic Aspects of Transportation and a Suggested Solution for the Railway Problem, Toronto: Macmillan Company of Canada, 1938; and John L. McDougall, "The Canadian Railway Problem", University of Toronto Quarterly, Vol. IV, No. 2, 1934-5, pp. 219-238. Others included Leslie L. Fournier, Railway Nationalization in Canada: The Problem of the Canadian National Railways, Toronto: Macmillan Company of Canada, 1935; John Murray Gibbon, Steel of Empire: The Romantic History of the Canadian Pacific, the Northwest Passage of Today, Toronto: McClelland and Stewart, 1935; and William R. Jackman, Critical Analysis of "The Canadian Railway Problem", Montreal: Financial Times Press, 1939.

⁵⁶Canada, Royal Commission to Inquire into Railways and Transportation in Canada, 1931-1932.

came under increasing attack,⁵⁷ but major defences of the role of the railway companies were also produced, notably by Robert England and James Hedges.⁵⁸ Another major area in which considerable writing emerged was on the wheat staple, notably by D.A. MacGibbon, George E. Britnell, W.T. Easterbrook, and Mary Quayle Innis.⁵⁹

The growing tensions within the Canadian federal state structure and the rise to power in Alberta of the Social Credit Party stimulated yet another burst of writing, much of which was entered into the pages of the newly established Canadian Journal of Economics and Political Science

⁵⁷See, for example, W.D. Albright, "An Economic Land Settlement Policy", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 550-555.

⁵⁸Robert England, The Central European Immigrant in Canada, Toronto: Macmillan Company of Canada, 1929; Robert England, "Land Settlement in Northern Areas of Western Canada", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 578-587; Robert England, The Colonization of Western Canada: A Study of Contemporary Land Settlement, 1896-1934, Toronto: McClelland and Stewart, 1936; James B. Hedges, Building the Canadian West: The Land and Colonization Policies of the Canadian Pacific Railway, New York: Russell and Russell, 1939; James B. Hedges, The Federal Railway Land Subsidy Policy of Canada, Cambridge: Harvard University Press, 1934.

⁵⁹D.A. MacGibbon, The Canadian Grain Trade, Toronto: MacMillan Company of Canada, 1932; D.A. MacGibbon, "The Wheat Problem", University of Toronto Quarterly, Vol. III, No. 2, 1933-34, pp. 228-244; G.E. Britnell, "The Rehabilitation of the Prairie Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 3, 1937, pp. 508-529; G.E. Britnell, "The Rehabilitation of Prairie Farms", Canadian Banker, Vol. 47, October 1939, pp. 19-31; G.E. Britnell, The Wheat Economy, Toronto: University of Toronto, 1939; W.T. Easterbrook, Farm Credit in Canada, Toronto: University of Toronto Press, 1938; Mary Q. Innis, An Economic History of Canada, Toronto: Ryerson Press, 1935, especially Chapter 9. During the 1930s, MacGibbon's economics text was also reissued. (An Introduction to Economics for Canadian Readers, Toronto: Macmillan Company of Canada, 1932 (first edition, 1924)). MacGibbon, who was a professor of Political Economy at the University of Alberta during the 1920s and a member of the federal Board of Grain Supervisors (1929-49), later wrote a sequel to his 1932 book on the grain trade (The Canadian Grain Trade, 1931-1951, Toronto: University of Toronto Press, 1952).

(1935).⁶⁰ The Royal Commission on Dominion-Provincial Relations ("Rowell-Sirois" Commission), appointed in 1937, also gave rise to a number of significant studies and submissions, including W.A. Mackintosh's background report, The Economic Background of Dominion-Provincial Relations, which demonstrated his continued commitment to the staple approach. Finally, a twenty-five volume series of studies, The Relations of Canada and the United States, was prepared under the direction of the Carnegie Endowment for International Peace with James T. Shotwell as general editor. The appearance of the series (in the latter 1930s) reflected the growing role of U.S. imperialism in Canada, as did the ideology of frontierism. And, while the series was not focussed specifically on the western interior, like the Frontiers of Settlement series, it did contain several volumes which were useful at least in part to study of the Prairies, notably contributions by Innis, Glazebrook, and Lower.⁶¹

⁶⁰ See, for example, W.A. Carrothers, "Problems of Canadian Confederation", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 26-40; R. McQueen, "Economic Aspects of Federalism: A Prairie View", Canadian Journal of Economics and Political Science, Vol. I, 1935, pp. 352-367; J.A. Maxwell, "The Adjustment of Federal-Provincial Relations", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 374-389; W.T. Easterbrook, "Agricultural Debt Adjustment", Canadian Journal of Economics and Political Science, Vol. II, 1936, pp. 390-403; A.F. McGown, G.E. Britnell, D.C. MacGregor, C. Elliott and J.A. Walker, "Alberta, Economic and Political", Canadian Journal of Economics and Political Science, Vol. II, 1936, in four sections, pp. 512-549.

⁶¹ H.A. Innis (ed.), The Dairy Industry in Canada, Toronto: Ryerson Press, 1937; G.P. deT. Glazebrook, A History of Transportation in Canada, Toronto: Ryerson Press, 1938, 2 Vols.; A.R.M. Lower, The North American Assault on the Canadian Forest: A History of the Lumber Trade Between Canada and the United States, Toronto: Ryerson Press, 1938. Also of considerable value, although less useful in terms of theory, was Canadian-American Industry: A Study in International Investment, by Herbert Marshall, Frank Southard, Jr., and Kenneth W. Taylor, which contained some of the earliest information on foreign investment in the western interior.

The 1930s even saw the appearance of leading works on the 'pre-settlement' years in the western interior. In particular, Arthur Silver Morton (1870-1945) produced the major A History of the Canadian West to 1870-71.⁶² Morton's history, as well as his several other writings on the fur trade era,⁶³ contained much useful scholarship, but was seriously weakened by certain features of colonialist ideology⁶⁴ and, despite the central position of the fur trade in the writing, contained very little in the way of economic theory. A growing interest in the Red River and North-West Rebellions was also reflected in the publishing of G.F.G. Stanley's The Birth of Western Canada⁶⁵ and C.P. Stacey's attempt to deal with the military aspect of internal colonization.⁶⁶ By the 1940s, according to Donald Creighton, "So far as scholarship was concerned, the west had become a 'have' rather than 'have not' region".⁶⁷

⁶² Arthur Silver Morton, A History of the Canadian West to 1870-71: Being a History of Rupert's Land (The Hudson's Bay Company's Territory) and of the North-West Territory (including the Pacific Slope), London: Nelson, 1939 (reprinted, 1973).

⁶³ A.S. Morton, The North West Company, Toronto: Ryerson Press, 1930; David Thompson, Toronto: Ryerson Press, 1930; "The New Nation, The Metis", Royal Society of Canada, Transactions, Series 3, Vol. 33, 1933, Section 2, pp. 137-145; Under Western Skies: Being a Series of Pen-Pictures of the Canadian West in Early Fur Trade Times, Toronto: Thomas Nelson and Sons, 1937; Sir George Simpson: Overseas Governor of the Hudson's Bay Company, A Pen-Picture of a Man of Action, Toronto, J.M. Dent and Sons, 1944.

⁶⁴ For more on Morton and a useful historiographical essay on the fur trade, see L.G. Thomas, "Historiography of the Fur Trade Era", pp. 73-85.

⁶⁵ George F.G. Stanley, The Birth of Western Canada: A History of the Riel Rebellions, London: Longmans, Green and Company, 1936 (reprinted, 1963).

⁶⁶ C.P. Stacey, "The Military Aspect of the Winning of the West", Canadian Historical Review, Vol. 21, 1940, pp. 1-24.

⁶⁷ D. Creighton, "Towards the Discovery of Canada", in Towards the Discovery of Canada, Toronto: Macmillan of Canada, 1971 (article first published, 1956), p. 58.

The depth of the crisis impelled several writers to abandon dogmatic laissez-faire concepts and adopt Keynesian or social democratic concepts in order to "reform" capitalism or at least make it operate more equitably from a regional point of view. Thus, for example, W.A. Carrothers attacked the unfair barter terms of trade between British Columbia and Eastern Canada, and suggested that:

In order to establish a scientifically regulated capitalism, it is necessary that the barter terms of trade be studied on a large scale--not only between different specialized regions in any country such as British Columbia and Ontario and Quebec, but also between different economic groups in any country and between different countries.⁶⁸

Such positions also raised larger questions about the structure or pattern of development in the western interior, and one can notice the increased numbers of efforts to generalize and synthesize an approach to the development, especially so since the arrival of World War II marked off a new period in that history.⁶⁹

One can observe in positions such as the above not only the weakening of the laissez-faire extreme of economic liberalism, but also support for 'scientific' (rather than 'ideological' or 'irrational') management of capitalism by the state. However, there was not a fundamental break with economic liberalism or imperialist ideology per se. And further, there was still a strong reactionary element deeply fearful of the threat of any major changes in the western provinces. For example, the Queen's

⁶⁸W.A. Carrothers, "The Barter Terms of Trade between British Columbia and Eastern Canada", Canadian Journal of Economics and Political Science, Vol. I, 1935, p. 577. See a criticism by B.K. Sandwell and reply by Carrothers in Vol. II, 1936, pp. 73-80.

⁶⁹See, for example, the submissions to the Rowell-Sirois Commission, and R.G. Riddell, "A Cycle in the Development of the Canadian West", Canadian Historical Review, Vol. XXI, No. 3, September 1940, pp. 268-284.

Quarterly would print a near-ludicrous attempt by C.S. Burchill to compare the history of the American Revolution with the election of Social Credit in Alberta, where "a violent, inexperienced, irresponsible minority gained control."⁷⁰

During the 1930s, the dominant academic approach to development in the west was the staple theory; however, different treatments of the staple theory itself were appearing, including a trend towards its disassociation with frontierism, as were deeper questions reflecting negatively on the very nature of capitalist development per se. Understandably, during periods of capitalist expansion and 'prosperity' on the "frontier" such as during most of the first three decades of the century, the ideology of frontierism and, broadly, an emphasis on the importance and leading character of the 'frontier' has a certain credibility among wider sections of the population. However, the Great Depression crisis of the 1930s undermined this credibility by demonstrating more directly through fundamental decisions on markets, investment, etc., the importance and controlling position--and lack of benevolence--not of the 'frontier' but of powerful capitalist forces, especially those centered in the industrial-banking heartland of Canada. Consequently, by the 1940s, one can see a growing interest in "metropolitanism" and approaches to the staple theory which emphasized dependency and 'regressive' aspects of staple trade rather than stimulative ones. Any widespread interest in the "romance" of the frontier had vanished.

⁷⁰C.S. Burchill, "An Historical Parallel", Queen's Quarterly, Vol. XLIV, 1937, pp. 520-532.

Metropolitanism

Although there was a considerable growth in "metropolitanism" as an approach to economic development, metropolitanism as a theory had appeared earlier, by the 1920s in the United State . The leading figure to be associated with this approach has been the Canadian-born academic, N.S.B. Gras (1884 - 1956), who was a professor of Economic History at the University of Minnesota and later of Business History at the Harvard Business School. Gras's main theoretical ideas were outlined in his Introduction to Economic History published in 1922. He posited four fundamental phases in development of a metropolitan economy: first phase, organizing the market; second phase, industrial development; third phase, development of transportation; fourth phase, development of financial organization. According to Gras, the requisites for a metropolis were primarily geographical:

The towns that developed into economic metropolitan communities had to possess marked advantages over their fellows. Their situation had to be healthful, not only for a small town population but for a larger group. The town located on the seacoast or a tidal river had an advantage in that refuse would be carried off twice daily by tides. Facilities for shipping are, of course, necessary, and by shipping we mean here primarily loading and unloading, for land as well as water transportation. Position, or location, between large groups of consumers and producers is vital for commercial growth and metropolitan economy. . . . One further qualification is absolutely necessary. The aspiring town or city must possess a hinterland, a tributary adjacent territory, rich in natural resources, occupied by a productive population and accessible by means of transportation.⁷¹

Out of various rivalries (which can include metropolitan rivalries), a few cities or towns become "economic metropolitan centres because of their

⁷¹N.S.B. Gras, An Introduction to Economic History, New York and London: Harper and Brothers Publishers, 1922, pp. 184-185.

commercial dominance".⁷² In elaborating his theory, Gras distinguished between a "metropolitan economy" and a "metropolitan market".

We may think of a large metropolitan economy as an organization of people having a large city as nucleus, just as town economy had a town as its center. Or we may put it this way, metropolitan economy is the organization of producers and consumers mutually dependent for goods and services, wherein their wants are supplied by a system of exchange concentrated in a large city which is the focus of local trade and the center through which normal economic relations with the outside are established and maintained.

Just as villages remained when town economy prevailed, so do towns remain when metropolitan economy comes into existence. Towns remain, but in economic subordination to the metropolis. They continue to play a part, but as tributaries to a larger center. Towns exist, but not town economy. . . .

A closer examination of these dependent towns would show different types performing different functions, but all subordinate. And beyond the towns there are more or less scattered communities or producers of foodstuffs and raw materials, such as farmers, miners, fishermen, and lumbermen.

The large area of many communities, or rather the population, may be called a "metropolitan market", and the organization that sustains it "metropolitan economy". It is true that in studying this organization we are inclined to emphasize the great metropolitan center; but to forget the large dependent district would be fatal to a correct understanding of the subject. Perhaps, indeed, it is somewhat incorrect to speak of the area as dependent upon the center, for, though that is true, the center is also dependent upon the outlying area with its towns, villages, and scattered homesteads. Interdependence of the parts is really key to the situation.⁷³

Gras did not provide a clear treatment of his concepts of "dependence", "interdependency", or "subordination" (nor for that matter did he have an explicit notion of "tributary" or of "exploitation"). Despite this weakness, these concepts played a central role in his approach:

⁷²Ibid., p. 185.

⁷³Ibid., pp. 186-87.

A much more difficult task than discovering the metropolitan centers, is outlining their areas. This sometimes proves difficult even in the case of political states; it is much more so in the case of economic units. Often when political boundaries are decided upon, they are maintained as purely arbitrary marks of sovereignty. Metropolitan boundaries cannot thus be made hard and fast. They keep shifting with conditions, and the land on the confines of two contiguous areas is debatable territory. For one purpose it may belong to one metropolis, for a different purpose it may belong to another. The reality of the dependence of the area decreases as you go out from the metropolis; that is the essence of the whole matter.⁷⁴

In the final point we can note an important convergence with frontierism, but with the frontier having an axial rather than east-west configuration.

The "metropolitanism" approach was discussed by McGill sociologist, Carl A. Dawson (1887-1964) in An Introduction to Sociology (which he co-authored with W.E. Gettys).⁷⁵ The concept of a metropolitan "centre of dominance" was developed relying heavily on a crude socio-biological explanation of dominance and subordination put forward in the American Journal of Sociology in 1927 by R.D. McKenzie. McKenzie, relying on Child's Physiological Foundations of Behavior (1924), jumped from "the relation of dominance and subordination between integrated parts, cells, tissues, organs" to the generalization that "As the organism develops from the simple to the multicellular form, the integration of parts increases in complexity and the relation of domination and subordination

⁷⁴Ibid., p. 295. Gras's background and theories deserve further study as one of a larger genre of (bourgeois) development theorists which include some contemporary "dependency" theorists, such as Tom Naylor.

⁷⁵C.A. Dawson and W.E. Gettys, An Introduction to Sociology, New York: The Ronald Press Company, 1948 (first edition, 1928), pp. 154-171.

becomes more pronounced and localized."⁷⁶ He then leaped to the claim that:

. . . social groups, whether animal or human, seem to develop spatial pattern forms similar to those of organismic pattern. That is, the living units become integrated in a dynamic relation of dominance and subordination, leaders and followers. This is the pattern of the pack, the herd, the flock of migrating birds, as well as that of all human groups. Even social organization in its broader significance seems to present the same fundamental pattern forms of dominance and subordination as are found in biological organisms.⁷⁷

Given "the relation of dominance and subordination as the dynamic organizing principle", McKenzie tried to explain "how spatial integration of human institutions takes place under different conditions of communication and transportation."⁷⁸ After a passing look at human primitive communities (which are "lived at the periphery or part most exposed to the hazards of environment"), the walled city, and the modern nation, McKenzie suggested that "The trend of social evolution, like that of organismic evolution, is toward the axiate form of spatial pattern with dominant center and subordinate integrated parts."⁷⁹ This trend is impelled, in particular, by the introduction of the railway and modern communications, which creates centres of dominance. Thus, in a fashion not unlike

⁷⁶ R.M. McKenzie, "The Concept of Dominance and World-Organization", American Journal of Sociology, Vol. XXXIII, 1927-28, p. 28. McKenzie also wrote a book, The Metropolitan Community, New York: Russell and Russell, 1933, and some of his writings have been published as On Human Ecology; Selected Writings, edited by A.H. Hawley, Chicago: University of Chicago Press, 1968.

⁷⁷ Ibid., p. 29.

⁷⁸ Ibid., p. 29.

⁷⁹ Ibid., p. 30.

the later Innis's discussion of monopoly and communication, McKenzie argued that "Dominance is a function of communication". And, imperialist expansion was explained simply:

The expansion of Western civilization is a result of the development of transportation and communication. The region of dominance expands as the agencies of communication improve.⁸⁰

The influence of frontierism--and imperialism--is strongly evident in McKenzie's approach:

The concept "dominance" suggests a center and a margin of activity, an inner locus and an outer periphery. In a world that is not yet closed there are areas that are just coming under the influence of the great society pattern and areas that still lie outside the sphere of dominance. The marginal regions that are in process of development or reorganization are commonly known as frontiers.⁸¹

There are three general classes of frontiers: the trade frontier, the plantation frontier, and the industrial frontier. McKenzie related the "industrial frontier" to Canada, among other countries:

This is the most recent development in the expansion of Western dominance. It implies the introduction of machine industry under outside finance and management into the less industrialized parts of the world, as for instance, the recent invasion of European and American factories into China, India, Latin America and Canada.

Whatever the nature of the modern frontier, it is usually more intimately connected with its distant centers of dominance than with its local hinterland.⁸²

As if referring to modern imperialism, McKenzie recognized that "Modern dominance penetrates new parts of the world in catastrophic fashion . . . producing revolutionary effects upon the space and sustenance relations

⁸⁰Ibid., p. 32.

⁸¹Ibid., p. 36.

⁸²Ibid., p. 37.

of the indigenous inhabitants."⁸³ However, there is a biologically programmed inevitability about the process. Indeed, one can note how close McKenzie's notions were to the Nazi thought of "lebensraum", an ideological legitimation of one of the most aggressive and reactionary forms of modern imperialism--fascism. Furthermore, the process of expansion--and struggle--does not stop.

In the course of time most frontiers grow up. They pass from a pioneer to a settled condition, and in turn become new centers of dominance creating other frontiers. . . .

The world's centers of gravity are always in process of change. Old centers lose their relative importance as new factors enter to disturb the equilibrium. Some of these factors are temporary and accidental; others are associated with permanent trends. The world is gradually becoming a closed area. The pioneer conditions which gave unity to the British Empire are rapidly passing. New centers of dominance are arising and producing new combinations of regional interdependence which are often quite at variance with the existing political structure.⁸⁴

Geographical determinism was, of course, closely related if not a sub-class of biological determinism, and was directly evident in much of C.A. Dawson's other work. In the same volume of the American Journal of Sociology, in which McKenzie outlined his biological determinism, Dawson argued that there were four "physiographic regions" in Canada: the Central Area, the Maritimes, the Western Plains, and the Pacific Coast (or Cordilleran Mountain) Region. With respect to the Western Plains, Dawson noted that "There is only an artificial political barrier separating these Canadian plains from a similar physiographic region in the United

⁸³Ibid., p. 37

⁸⁴Ibid., p. 42.

States."⁸⁵ Dawson also argued that the four major areas of land settlement "are singularly separated from each other by topography and by closely related cultural factors which make social distances great",⁸⁶ although at no point did he define the concept of "social distances". This at least partly explained the "system of centralized decentralization";

The outer areas are not well accommodated to the prestige and power of the central area. Perhaps the makers of Confederation foresaw these facts when they attempted to put under the federal government twice as many items as were retained by the provincial governments.⁸⁷

The strong insistence on frontierism and geographical factors in development was also present in his writings⁸⁸ on pioneer settlement. In his major study of Peace River pioneer settlement, for example, one can see not only the frontierist emphasis, but the theme of the organic trend towards a dominant centre. Dawson suggested there was a "life cycle of the pioneer region" consisting of four major stages: "(1) the outpost settlements; (2) the isolated agricultural settlements; (3) the integration of agricultural settlements; (4) the period of centralization and regional autonomy,"⁸⁹ In the fourth stage, competition among centers leads to one centre achieving dominance, as a result of "advantageous position or resources."

⁸⁵ C.A. Dawson, "Population Areas and Physiographic Regions in Canada", American Journal of Sociology, Vol. XXXIII, 1927-28, p. 45.

⁸⁶ Ibid., p. 56.

⁸⁷ Ibid., p. 56.

⁸⁸ C.A. Dawson, Group Settlement: Ethnic Communities in Western Canada, Toronto: Macmillan, 1936; C.A. Dawson and Eva B. Young, Pioneering in the Prairie Provinces: The Social Side of the Settlement Process, Toronto: Macmillan and Company, 1940.

⁸⁹ C.A. Dawson, assisted by R.W. Murchie, The Settlement of the Peace River Country: A Study of a Pioneer Area, Toronto: Macmillan Company of Canada, 1934, pp. 3-4.

This larger centre, together with the smaller subsidiary centres, form a single constellation. It is by means of its dominant centre that a region achieves self-consciousness and its interests in relation to other regions become clearly defined. Such marked centralization is one indication that a newly settled area has reached maturity.

. . . The new region does not cease abruptly to draw leadership patterns, patterns of social organization, and financial aid from older regions. Nevertheless, it has come to the place where, predominantly, it lives on its own social and economic capital. Under their own leadership, the people of this new region modify inherited social forms and their own indigenous practices to suit these new days of regional autonomy. The dominant centres are the theatres of the greatest activity in this respect, and in such centres the complex integration of their organized life reaches its zenith.⁹⁰

Here again one can see the frontierist theme merged with a form of metropolitanism.

The work of A.R.M. Lower (b. 1889), whose early studies concentrated on the timber staple,⁹¹ reflected the influence of both "frontierism" and "metropolitanism". In 1929, he criticized the "drum and trumpet" school of history and, in an article filled with chauvinist and racist assumptions, went on to propound in frontierist fashion that:

Both in Canada and the United States, democracy has been a condition not a theory. It has been the spontaneous product of the frontier and the forest. In both countries it has had to battle to fight with the representatives of an older order of things.⁹²

A more developed version of the approach was elaborated in the succeeding

⁹⁰ Ibid., pp. 11-12.

⁹¹ See A.R.M. Lower, "The Trade in Square Timber", in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967 (paper first delivered in 1932); and The North American Assault on the Canadian Forest: A History of the Lumber Trade Between Canada and the United States.

⁹² A.R.M. Lower, "Some Neglected Aspects of Canadian History", Canadian Historical Association, Report, 1929, p. 67.

year when Lower argued that "The history of a country seems to consist in a complex of social loyalties and individual interests projected against a background of environment."⁹³ Emphasizing a characteristic geographical determinism, Lower continued a frontierist explanation of democracy to conclude: "In other words, society in a new country is almost necessarily equalitarian and democratic, and therefore sooner or later politics must become so."⁹⁴

By the late 1930s, the metropolitan-hinterland struggle concept was becoming stronger in the work of Lower and several other Liberal writers, most notably Frank Underhill (1889-1971). Underhill drew historical parallels between the frontier protests of the prairies and pointed to certain of their economic roots. Writing in 1927, he had commented:

. . . one is constantly being struck . . . by the many points of similarity between the Clear Grit movement amongst the farmers of Upper Canada and the Progressive movement among the prairie farmers today. Both are protests against much the same factors in Canadian life . . . The essence of the struggle which produced the political deadlock of the 1860s was not that it was primarily a fight of Protestant against Catholic or of English against French, though these elements entered into it and embittered it. It was primarily a struggle of West against East; the then West being, like the modern West, in its social structure largely agricultural and in its geographical position a long way from its markets; and the East, then as now, being dominated by the transportation, banking and manufacturing interest which centred in Montreal.⁹⁵

In fact, Eastern expansion into the West, which Underhill compared to "The

⁹³ A.R.M. Lower, "The Origins of Democracy in Canada", Canadian Historical Association, Report, 1930, p. 65.

⁹⁴ Ibid., p. 69.

⁹⁵ F.H. Underhill, In Search of Canadian Liberalism, Toronto: Macmillan Company of Canada, 1960, pp. 47-48.

Great Barbecue" in American history, had a profound effect on power relations in Canada: "Of course, the great force, by far the most important force, weakening liberal and democratic tendencies in Canada after 1867 was the rush to exploit the resources of a rich half-continent."⁹⁶

One of Underhill's most developed statements appeared in 1935.

Here there is a form of critical treatment of capitalist development again using aspects of both frontierism and metropolitanism:

Dominion and provinces are not entities existing per se. The root conflicts which divide our ten million people are not between national and provincial governments, or between central provinces and outlying provinces. They are conflicts between various economic interest groups all of whom strive with varying success to use the political machinery of federal and provincial governments to assist them in achieving their purposes, i.e., in staking out for themselves vested claims to a special share of the collective income. . . .

The essential work of the Fathers of Confederation was to weld the scattered British possessions in North America into a unity within which Canadian capitalism could expand and consolidate its power, to provide for the capitalist entrepreneurs of Montreal and Toronto a half-continent in which they could realize their dreams and ambitions. . . . what Macdonald and his associates accomplished in the 1860s in the northern half of this continent was an exact parallel to what Lincoln and Co. were accomplishing at the same time in the southern half. . . .

Since the 1860s the two economic empires have gone through a rapid expansion. The frontiers of settlement and exploitation have been steadily pushed back to the ultimate territorial limits of each empire. More important, there has gone on simultaneously a steady process of economic integration, a concentration of control at the centre. And this process of concentration has been accompanied inevitably by a distribution of income in which an increasingly larger share has been apportioned to the small group who sit with their hands upon the levers of power in the great metropolitan centres. This point as to the increasing concentration of economic power which characterizes all modern

⁹⁶ Ibid., p. 17.

capitalist systems does not need to be laboured here.

. . .

It is true that class divisions in Canada, as in the United States, are still only in process of emerging out of the sectional geographic divisions which resulted from our spreading out over an empty continent. Because we are just passing out of this pioneer stage in the exploitation of our natural resources, our society is still more fluid than that of Europe, our population is still more mobile, opportunities for individual advancement are more abundant; and so the evolution of North American capitalism has not yet produced the comparatively clear-cut class stratification which characterizes older economies. The two Turner principles of interpretation--the significance of the frontier and the significance of sections in American history--are still valid and still yield fruitful results in increasing our understanding of the past of this continent. But the frontier has now almost disappeared, and the ever increasing concentration of capitalist control is levelling down the vertical divisions between sections. Eventually capitalism in America produces the same social pattern as in Europe.⁹⁷

This lengthy passage is one of the clearest statements available of the left liberal and social democratic traditions in the treatment of Prairie development. It also shows the frontierism-metropolitanism transition or 'dialectic'. As will be discussed later, its key flaws lie in its crude view of a rather homogeneous population in the Prairies, thus ignoring not only the Native Peoples, but the sectoral and class divisions among the settler population. Similarly, sectoral and class divisions in central Canada are also downplayed.

A transition was also occurring in the approach of Lower. In 1939 he produced an article, "Geographical Determinants in Canadian History" in which the frontierism remained undiminished and crude:

Canada must . . . also be a country with a frontier --it must always look out on an unconquered stretch of Mother Nature.

⁹⁷Ibid., pp. 176-179

That may be for better or for worse. Nature fights the Canadian's every attempt to create for himself a national house, but she challenges his manhood. This window on the north will always let in fresh air. "The North"--in Canada the words are already charged with the mystery and magnetism that "The West" once held for the United States--may keep her people fresh and young and adaptive long after their frontier of settlement has closed.⁹⁸

However, after a discussion of the fur trade, he shifted to a "metropolitan dominance-hinterland" concept. For example:

It is often said that the Dominion has no economic unity, that it is purely a political creation and that if national forces were allowed to work, trade would be in the general direction of north and south, not east and west. . . . [But] is there not in Canada considerable coincidence between the geographical axis and the historical axis? The St. Lawrence and the lakes strike westward like a dagger into the heart of the continent. It is along this east-west geographical axis that settlement has proceeded, and to the head of the lakes, now as in fur-trading days, the products of the interior drain down: then they descend the lakes and cross the ocean. That gives a geographical backbone to Canada. Canada geographically and historically is the hinterland of the St. Lawrence sea-gate.⁹⁹

In his 1943 Presidential address to the Canadian Historical Association, Lower treated indirectly the "spirit of capitalism" as discussed in R.H. Tawney and then argued:

Nowhere was the acquisitive ethic more at home than in the New World. There the field was open and nature invited exploitation. Hence the strong link between it, the Scotch or New Englanders, the staple trade, and the characteristic expression

⁹⁹A.R.M. Lower, "Geographical Determinants in Canadian History", in R. Flenley (ed.), Essays in Canadian History Presented to George Mackinnon Wrong, Toronto: Macmillan Company of Canada, 1939, pp. 232-233.

⁷⁰Ibid., pp. 244-245.

of the staple trade, the metropolitan-hinterland relationship.¹⁰⁰

This expression of the basis of "metropolitanism" was described in larger terms in Lower's major history of Canada, Colony to Nation. Here he maintained, in his most famous frontierist sentence, "North American democracy was forest-born",¹⁰¹ and also elaborated his most developed treatment of "metropolitanism", in this case relating to the 17th and 18th centuries:

In this vast edifice of metropolitanism, far wider than the British Empire, the British North American colonies were fully caught up. To disregard for the moment their political and cultural experience, nothing about their commercial development can be understood if it is not realized that trade and development, the utilization of natural products, the organization and connections of commercial houses --the whole process here termed exploitation--were only small parts of the machine operating from and for Great Britain. The job of the men-on-the spot who worked the local phases of the system was to transmute the natural wealth of the locality into figures in a London bank account. The methods used might be wasteful, the natural product in question might be exhausted, the inhabitants used up, exploited, or enslaved, the country might at last be squeezed dry and thrown aside like a sucked orange, but "the business" had to go on.

Metropolitanism, if it were to go to its logical conclusion, would sooner or later drain down all significant life of the world into one centre (as Rome did in the ancient world). Since the metropolis as a rule has had its choice of supply areas and since supply areas have depended on one or two staple products and on the metropolitan market, the only defenses they have been able to oppose have been political in nature. If the area of exploitation were an old civilized country, it might fight and try to throw out the intruders, as China did. Or it might be conquered, as India was. Or, if it were a settlement colony like Canada, it might attempt by petition, representation, or agitation

¹⁰⁰ A.R.M. Lower, "Two Ways of Life: The Primary Antithesis of Canadian History", Presidential Address, Canadian Historical Association, Report, 1943, p. 13.

¹⁰¹ A.R.M. Lower, Colony to Nation: A History of Canada, Toronto: McClelland and Stewart, 1977 (first edition, 1946), p. 49.

to turn the edges of the exploiters' blades so as to secure something for itself of its own natural wealth. . . . Fiercely competing metropolitan centres all over the world give us our own troubled times. When the exploited country obtains some measure of self-government, it immediately makes efforts to prevent metropolitanism from sucking it dry. If such efforts become immoderate, they may go to the whole programme of anarchy, with its Sinn Fein accompaniments in small countries and its Nazi philosophies in large. The struggle for self-government is the initial political phase (not necessarily) carried to insane lengths in the conflict between exploitation and settlement, metropolitanism and localism.¹⁰²

The notion "area of exploitation" deserves note here since it plays a central role in "dependency" theories, although often with imprecise definition and a different terminology. Also, at a more general level, one can again observe the shifting but closely related character of frontierism, the staple theory, and metropolitanism.

Lower's approach reflected the growing influence of the "Laurentian School" of Canadian history, most prominent among whom were Harold Innis and Donald Creighton (b. 1902). Creighton's main work focused on the developing Anglophone capitalist class in key St. Lawrence centres, particularly Montreal and Quebec, and the impact of their "commercial empire of the St. Lawrence" on the formation of Canada.¹⁰³ Harold Innis's

¹⁰²Ibid., pp. 202-203.

¹⁰³See, in particular, Donald G. Creighton, The Commercial Empire of the St. Lawrence, 1760-1850, Toronto: Ryerson Press, 1937; D.G. Creighton, Towards the Discovery of Canada, "Part II: Commerce and Empire", pp. 84-173; D.G. Creighton, Dominion of the North: A History of Canada. Creighton's limited treatment of Canadian and Western history reflects his deep conservatism and Anglo-Canadian chauvinism; however, it is interesting to note that in a 1967 paper, which characterized Louis Riel as "an adroit and ruthless dictator", Creighton emphasized John A. Macdonald's (and Creighton's?) wishes to see Rupert's Land as a Crown colony, first of England (1865) and then of Canada. (See "Macdonald, Confederation, and the West", in D.G. Creighton, Towards the Discovery of Canada, pp. 233-237. First published in Historical and Scientific Society of Manitoba, Transactions, 1966-7.)

studies of the C.P.R. and the fur trade are the basis of much of the writing on the Laurentian thesis, including Creighton's own nationalism.¹⁰⁴

Despite his attention to the role of the C.P.R. and the fur trade and their relation to the St. Lawrence drainage basin, Innis's approach was much broader than an at least narrowly interpreted "Laurentian thesis" or metropolitanism. As early as 1929 Innis had criticisms of both frontierism and metropolitanism:

Work done in the United States has also had a strong influence on Canadian economic history and historians have been insistent on the possibilities of Professor Turner's frontier school. But Canada had no gradual development by which the frontier could exercise any continued and pervasive influence and the limitations of the frontier school are numerous. Professor Gras's work on the metropolitan economy has also been the object of considerable attention, but Canada has established metropolitan areas only with the greatest of difficulty and in the face of geographic handicaps, and city growth in Canada has been the result of factors different from those characterizing the United States. . . . These schools are based on the development of English and American industrialism and commercialism and the strong sweep of the westward movement in the United States.¹⁰⁵

At the same time, he also quickly wrote off the seminal work of Gustavus Myers which, Innis suggested, "treated Canadian history as a predatory culture".¹⁰⁶ Finally, Mackintosh's staple approach was seen as inadequate because it focused almost exclusively on the wheat staple, thus the theory "only relates to the later stages of Canadian development and does not pre-

¹⁰⁴ See, for example, D.G. Creighton, Towards the Discovery of Canada, pp. 8-10.

¹⁰⁵ H.A. Innis, "The Teaching of Economic History in Canada", in Mary Q. Innis (ed.), Essays in Canadian Economic History, pp. 11-12.

¹⁰⁶ *Ibid.*, p. 12. It appears Innis's views shifted somewhat during the Great Depression. In 1935 he wrote: "Intensive work in Canadian history has been concerned primarily with constitutional developments, and important outposts have been pushed into finance and money, notably by Dr. Adam Shortt and Professor R.G. Trotter, and commercial credit by Professor D.G. Creighton. Gustavus Myers, A History of Canadian Wealth, has made suggestive contributions along the same lines". (Mary Q. Innis, An Economic History of Canada, preface by H.A. Innis, p. v.)

tend to cover the development of Canada as a whole."¹⁰⁷

Two Staple 'Traditions'

Although both Mackintosh and Innis have been credited with developing the staple theory in Canada, the early differences in approach between them grew substantially over the years. Mackintosh maintained an approach to the staple theory which was much closer to the "neoclassical" tradition, or the "price theorists", as Innis characterized them. In his most explicit treatment of the prairie economy, Mackintosh argued that the path of staple development, in effect, single crop dependence, was necessary to achieve real economic progress and prosperity. The traditional neoclassical categories were increasingly apparent, but monopoly was not considered as a problem, nor did any concept of "exploitation" appear:

Just before the turn of the century a coincidence of these favourable circumstances the [development of a railway, a variety of early maturing wheat, and dry-farming practices] with world-wide economic expansion formed a favourable conjuncture out of which the great western, and indeed national, expansion swiftly emerged.

With the emergence of an export staple there was set up that familiar circular flow which is the life-blood of the pioneer economy,--merchandise exports, capital imports, merchandise import balances, a high rate of investment, full employment in spite of heavy immigration, profit inflation, and rising property values. As this process of development goes on the pioneer economy faces periodic tests. Can exports carry the growing capital charges? Can they furnish the funds for the necessary imports? As long as the capital imports are maintained, a prosperity, real or fictitious is apparent. . . . Only by this means can the pioneer community pass from pseudo-prosperity of the settlement boom to the genuine prosperity of a fully functioning economy.¹⁰⁸

¹⁰⁷ Ibid., p. 12.

¹⁰⁸ W.A. Mackintosh, "Some Aspects of a Pioneer Economy", Canadian Journal of Economics and Political Science, Vol. II, No. 4, November 1936, p. 460.

Mackintosh, who was also becoming associated with Liberal government policy making, reflected a strong commitment to the capitalist market system, even during the depths of the Great Depression. The study of pioneer settlement showed that what was needed was "scientific" inquiry and "the development of economic and social planning".¹⁰⁹

In his report to the Rowell/Sirois Commission (1937), Mackintosh claimed that in Canada, "For a time the economy had approached a simple unity with wheat as the dominant and highly specialized export, and subordinate exports fairly evenly distributed over the several regions."¹¹⁰ After the First World War period, he argued, that unity had been broken by the rise of new exports (newsprint, gold, base metals, B.C. lumber). This heightened centrifugal forces in the economy since, "Regions hitherto having a high degree of dependence on the prairie market [such as B.C.] developed major export markets and specialized export areas of their own."¹¹¹ With a greater number of regionally-based specialized exports the economy was more likely to be influenced by decisions external to Canada. Mackintosh suggested this would probably lead to variability in export income, a less rapid rate of growth, and "heavy national overhead costs."¹¹² However, Mackintosh appeared to accept the basic developmental

¹⁰⁹ W.A. Mackintosh, Prairie Settlement: The Geographical Setting, pp. xiv - xv. As Mackintosh commented: "So much human welfare is at stake, so much government expenditure is involved, so much private capital is risked in the settlement of a new area, that here if anywhere is a case for social planning." (p. xiv.)

¹¹⁰ W.A. Mackintosh, The Economic Background of Dominion-Provincial Relations, Appendix III to the Report of the Royal Commission on Dominion-Provincial Relations, Toronto: McClelland and Stewart, 1969 (first published, 1939), p. 179.

¹¹¹ Ibid., p. 179.

¹¹² Ibid., pp. 180-183.

trends and cyclical fluctuations resulting from the market mechanism, concluding only that more inter-regional and inter-government transfer payments would be needed:

The fortunes of the different regions are likely to differ and unless there is a decline in the scope of governmental functions where there has hitherto been a continuous increase, there will be required at times substantial transfers of income between regions through the medium of government finance. . . . Such transfers have been required in the past and similar, if less severe, conditions are likely to recur.¹¹³

Innis's approach, on the other hand, had marked differences with that of Mackintosh. Innis, as we will see, was a critic of the "price theorists" and sought a perspective on economic development far broader than the market mechanism. While Mackintosh avoided the the issues of imperialism, metropolitanism, monopoly, dependency or other potentially critical categories of analysis, there was a real, if sometimes cryptic, place in Innis's work for these "institutional" issues. In his study of the fur trade, published in 1930, Innis argued that "The importance of metropolitan centres in which luxury goods were in most demand was crucial to the development of colonial North America" and, thus, "The economic history of Canada has been dominated by the discrepancy between the centre and the margin of western civilization."¹¹⁴

Innis's work revealed a much deeper awareness of political economic pressures and forces. During the Great Depression and subsequent years, Innis spoke with a far greater critical force than did Mackintosh. For

¹¹³ *Ibid.*, p. 182.

¹¹⁴ H. A. Innis, The Fur Trade in Canada: An Introduction to Canadian Economic History, Toronto: University of Toronto Press, 1973 (first edition, 1930), pp. 384, 385.

example, in reviewing a book by W.H. Moore, Innis attacked the prolific laissez-faire publicist for his outmoded economic liberalism. Although the review was marred by a certain elitist view of "the public", one can sense a much different approach to the prairie economy than that espoused by Mackintosh:

An important phase of the Canadian problem is the marked decline in standards of living of the wheat growers of the Prairie Provinces and of producers for export in other areas such as the Maritime Provinces: a country cannot endure half slave and half free. Mr. Moore has thrown no light on the causes of the problem, nor has he given any helpful suggestions as to how the problem can be attacked. He fails to realize that economic liberalism and political liberalism flourished in a period of economic expansion incidental to the opening of new land. The task of determining what pressure an increasingly rigid structure has on exposed industries, particularly wheat production, presents a challenge to Canadian economists which can only be met by a most determined and persistent attack calling for all the skill which they can command.¹¹⁵

Innis's approach also revealed a deeper nationalism and concern with the economic integrity and unity of the country. His 1930 book on the fur trade, which offered a fundamental criticism of continentalist interpretations of Canadian history,¹¹⁶ formed the basis of his position, and also seriously recognized the role of Native Peoples in Canadian development, unlike most frontierists.

The North West Company and its successor the Hudson's

¹¹⁵H.A. Innis, "Economics for Demos", University of Toronto Quarterly, Vol. III, No. 3, 1933-4, p. 393.

¹¹⁶For a brief juxtaposition of the continentalist view of Goldwin Smith in his book Canada and the Canadian Question (1891), with that of Innis, see J.H.S. Reid, K. McNaught, H.S. Crowe (eds.), A Source Book of Canadian History: Selected Documents and Personal Papers, Toronto: Longmans, Green and Company, 1959, pp. 290-294.

Bay Company established a centralized organization which covered the northern half of North America from the Atlantic to the Pacific. The importance of this organization was recognized in boundary disputes, and it played a large role in the numerous negotiations responsible for the location of the present boundaries. It is no mere accident that the present Dominion coincides roughly with the fur-trading areas of northern North America. The bases of supplies for the trade in Quebec, in western Ontario, and in British Columbia represent the agricultural areas of the present Dominion. The Northwest Company was the forerunner of the present confederation.¹¹⁷

By the late 1930s, Innis was recognizing the expanding role of U.S. imperialism in Canada. Innis argued that the "new capitalism", as distinct from "commercialism" was "essential to the completion of improvements in transportation by railway and canoe" and left its mark in "the creation of the new provinces in the prairie regions and on the Pacific coast."¹¹⁸ However, the end of the period of expansion based on the St. Lawrence and trade with Great Britain led to the "decline of the St. Lawrence as a factor contributing to the centralization of the Dominion [which] has been accompanied by the increasing importance of regionalism evident in the growth of the powers of the provinces."¹¹⁹ This in turn has led to an increasing "north-south pull":

The extension of the American empire, the decline of its natural resources, and the emergence of metropolitan areas, supported capitalist expansion in Canada and reinforced the trend of regionalism. The pull to the north and south has tended to become

¹¹⁷ H.A. Innis, The Fur Trade in Canada, p. 392.

¹¹⁸ H.A. Innis, "Significant Factors in Canadian Economic Development", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 207. Note also Innis's treatment of western railway expansion in relation to the spread of "machine industry" or "industrialism". ("Capitalism and the Staples", The Fur Trade, pp. 396-402.)

¹¹⁹ Ibid., p. 209.

stronger in contrast with the pull east and west. The British North America Act and later decisions of the Privy Council have strengthened the control of the provinces over natural resources such as minerals, hydro-electric power, and pulpwood on Crown lands, resources which have provided the basis for trade with the United States and for investment of American capital.¹²⁰

Also, while he had earlier criticized Gras's treatment of "metropolitanism", Innis did not reject metropolitanism per se. In a 1940 article, for instance, he argued that: "The pattern of metropolitan growth in the United States, outlined by Professor N.S.B. Gras, needs substantial modification in Canada."¹²¹ The key modification appeared to be a deeper recognition of the staple dependency of the Canadian situation:

A metropolitan area which begins as a trading centre, becomes a centre of transport routes, and then develops as an industrial and finally a financial centre in the normal character of its growth, will be affected in Canada by the varying demands of Europe for staple products from definite regions over varying periods of time and under varying conditions of production. The demands of the Canadian economy on the marketing structure fluctuate widely from conditions of very onerous character to conditions of an extremely favourable character. Flexibility becomes extremely important and specialization is more limited.¹²²

More War and Crisis

During the 1940s, Innis's concern with the growing threat of U.S. imperialism accelerated far beyond that of Mackintosh and most other

¹²⁰ Ibid., p. 209

¹²¹ H.A. Innis, "The Changing Structure of the Canadian Market", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 289.

¹²² Ibid., pp. 289-290.

Canadian academic economists. In 1941, he warned against the dangers of "national finance capitalism" and noted that, for several reasons, including the fact that "Colonies have become important as a means of expenditure to support policies of full employment and not a direct means to wealth",

Canada in her own interests as well as in those of the United States should be constantly alert to the implications of American policy. In a world in which nations and particularly the United States concentrate on their own problems and the use of the new machinery of the modern state, Canada is in a very dangerous position.¹²³

In one of his outstanding essays, first drafted in 1948 during the eruption of the Cold War, Innis argued in blunt terms that "American imperialism has replaced and exploited British imperialism."¹²⁴ He sharply criticized the growth of regionalism and of political parties who "have become bankrupt in regionalism":

A division has emerged between the attitude of provinces which have been particularly fortunate in the possession of natural resources in which the American market is interested and that of provinces more largely dependent on European markets. This division has been capitalized on by the politicians of the respective provinces and by those of the federal government. American branch factories, exploiting nationalism and imperialism in Canada, were in part responsible for agitation in regions exploited by the central area and for regional controversies.¹²⁵

It is this same article in which Innis described the "vast realignment of the Canadian system" tied with the change from British to American

¹²³H.A. Innis, "Recent Developments in the Canadian Economy", in M. Q. Innis (ed.), Essays in Canadian Economic History, p. 306.

¹²⁴H.A. Innis, "Great Britain, the United States and Canada", in M.Q. Innis (ed.), Essays in Canadian Economic History, p. 395.

¹²⁵Ibid., p. 396.

imperialism and concluded, in one of his most famous statements, that "Canada moved from colony to nation to colony".¹²⁶ Although the article was again marred by Innis's bourgeois elitism, Innis was aware of some of the class character of the continentalist 'cooperation' between Canada and the U.S.:

The ease with which such co-operation is carried out is explained in part by the opposition to socialistic trends in Great Britain. Central and eastern, in contrast with western, Canada have had essentially counter-revolutionary traditions, represented by the United Empire Loyalists and by the church in French Canada, which escaped the influences of the French Revolution. A counter-revolutionary tradition is not sympathetic to socialistic tendencies and is favourable to the emphasis on private enterprise which characterizes the United States. Opposition to socialistic devices has been particularly important because large sectors of Canadian economic life have come under government ownership, notably the Hydro-Electric Power Commission of Ontario and the Canadian National Railways. . . . concern with private enterprise is reinforced by the views of American branch plants and facilitates American domination.¹²⁷

Although Innis did not provide any clear definition of imperialism or metropolitanism as he conceived them, the very fact that such terms were not purged from his vocabulary during these last years of his life and the Cold War onslaught of U.S. imperialism is notable. For this was a time when the ideologies of imperialism were out to weaken if not destroy some of the conceptual footings of political economy. Thus, in the 1955 Journal of Economic History there appeared such self-serving pronouncements as the following:

This valiant attempt [of the "German founding fathers" of economic history] to put historical generalization

¹²⁶ Ibid., p. 405.

¹²⁷ Ibid., p. 406.

in the place of [classical] economic theory was not very successful, for at least three reasons. First, because some of the central problems of economic theory are in essence independent of history. Secondly, because the economic historian's interests and the kind of source material most easily available steered him to the study of social or political rather than economic topics, to such themes as the institutional framework of society in the manor or town, the status of social classes--lord, villein, guildsman, and so forth--their relations with one another, and the controls that said what they were or were not to do. And finally, because the series of stages that the pioneers constructed were too weak to bear the load of facts piled on them. They were naive, incomplete, and at times inaccurate descriptions of social and economic developments. . . .

The stages therefore gave place to the systems, the "isms", and of these the greatest, or the greatest noisemaker, has been capitalism. That work unfortunately has acquired such a motley of meanings and definitions that one may justly plead that capitalism, like imperialism, is a term that should be cut out of the vocabulary of every self-respecting scholar.¹²⁸

In a sense, Innis's death brought to an end a period in the study of Canadian (and Prairie) development. There was a critical, anti-imperialist strain in Innis writing which in conjuncture with the growing power of U.S. imperialism in Canada was coming ever more to the fore. Thus, in his last days, Innis was turning sharply against the Korean War (1950-52), an episode in Canadian history which has yet to come under thorough critical scrutiny.¹²⁹ The increasingly progressive aspect of Canadian economics lost a most powerful proponent and was, for a time, muted.

¹²⁸ Herbert Heaton, "Criteria of Periodicization in Economic History", Journal of Economic History, Vol. XV, No. 3, 1955, p. 268.

¹²⁹ See D.G. Creighton, Harold Adams Innis: Portrait of a Scholar, p. 141-143.

Before the Deluge

However, during the 1940s, and before the full impact of the Cold War onslaught was felt, there were several other significant, if lesser, writers who treated development in the western interior. The themes of frontierism, the staple theory, and metropolitanism all continued. Also appearing, and reflecting post-World War II developments, were certain themes of "development economics" and a growing interest in the role of the state in economic development.

The frontierist emphasis with its strong geographical determinism was present in the work of S.D. Clark (b. 1910), who also directed and edited the ten-volume series Social Credit in Alberta: Its Background and Development, published during the 1950s.¹³⁰ Clark's approach was evident by the early 1940s. In an article entitled "Economic Expansion and the Moral Order", published in 1940 as part of a collection of articles, by sociologists such as Talcott Parsons and C.A. Dawson, the influence of "structural functionalist" ideology was pervasive. Clark emphasized the close relationship of social movements in Canada to economic expansion:

The opening up of new areas of economic exploitation or the development of new forms of economic production implied considerable geographical and occupational shifts in the population, with effects immediately felt upon the organization of social life. As

¹³⁰The series included the following, all published by the University of Toronto Press: W.L. Morton, The Progressive Party in Canada (1950); D.C. Masters, The Winnipeg General Strike (1950); Jean Burnet, Next Year Country (1952); C.B. Macpherson, Democracy in Alberta: The Theory and Practice of a Quasi-party System (1953); J.R. Mallory, Social Credit and the Federal Power in Canada (1954); W.E. Mann, Sect, Cult and Church in Alberta (1957); V.C. Fowke, The National Policy and the Wheat Economy (1957); L.G. Thomas, The Liberal Party in Alberta: A History of Politics in the Province of Alberta, 1905-1921 (1959); S.D. Clark, Movements of Political Protest in Canada, 1640-1840 (1959); John A. Irving, The Social Credit Movement in Alberta (1959).

new areas of population grew up or the population of old areas rapidly increased in numbers, social institutions were faced with the elementary problem of greatly expanding their organization and resources. In addition to this, economic development implied significant changes in the occupational activities and way of living of the great bulk of the population, and this required fundamental adjustments on the cultural level. But such adjustments came about only slowly, and in the early stages of development there existed a condition characterized by a considerable breakdown of traditional cultural controls.

The extent and character of the breakdown, however, depended upon the particular nature of economic development and the physiographic features of the area undergoing development.¹³¹

As the corresponding sociological theory to modern neo-classical economic theory, structural functionalism concerned itself with "social equilibrium" and disequilibrium in the "social order". Clark pursued this approach in treating 'frontier' expansion in the western interior:

In the [Canadian] west, the contrast with the American frontier was even more marked. The avoidance of any serious clash between the frontiersmen and the Indians, and the successful maintenance of law and order in British Columbia in contrast with California, are explained largely in terms of the strength of imperial interests represented by the Hudson's Bay Company. . . . The organization of the North West Mounted Police in 1874, and the successful establishment of law and order in Alberta, set the pattern for later development in the Canadian west, interrupted only by the North West Rebellion. . . .

The restraining influences exerted by the close imperial connection, and by the presence to the south of a powerful and rapidly expanding republic, introduced certain distinctive features in the social development of Canada. As a result, generalizations drawn from investigations of community life in the United States have only a qualified reference when applied to the Canadian scene. Forces of geography combined with those of politics to restrict the operation of free enterprise on the frontier. Economic controls imposed

¹³¹S.D. Clark, "Economic Expansion and the Moral Order", in C.W.M. Hart (ed.), Essays in Sociology, with a foreward by H.A. Innis, Toronto: University of Toronto Press, 1940, p. 72.

by the state have been paralleled by controls making for rigidities in cultural development.¹³²

In Clark's work one can easily recognize frontierism, but unlike most frontierist approaches there is an emphasis on contrasts rather than similarities with the U.S. frontier, perhaps more in line with the 'Toryism' of Creighton and, to a lesser degree, Innis. Furthermore, Clark shifted away from the "frontier-as-place" notion to a notion of "commercial frontier":

Instead of being employed in the Turner sense to designate the furthest extended line of settlement, it is taken here to refer to the development of new forms of economic enterprise. Thus "frontier economic expansion" means simply the expansion of new forms of economic enterprise and the "frontier" the area in which such enterprise is taking place. The emphasis is not upon the period of early settlement --what might be called the pioneer stage of development--but rather upon that period when new techniques were being fully employed in economic exploitation--what is here called the frontier stage.¹³³

In general, Clark's sociological approach, like that of several earlier writers on frontier settlement, was intended to treat the problem of the relationship of "the opening up of new areas or fields of economic exploitation, to the development of social organization."¹³⁴ He argued in essence, that "social problems" in Canada "have been largely associated with frontier economic developments":

The opening up of new areas or fields of economic exploitation made certain special kinds of demands upon social organization, and the failure to meet fully these

¹³² Ibid., p. 91.

¹³³ S.D. Clark, The Social Development of Canada: An Introductory Study with Select Documents, Toronto: University of Toronto Press, 1942, p. 1n.

¹³⁴ Ibid., p. 1.

demands resulted in disturbances in social relationships which may be described as social problems. Centres of new economic activity became the points of origin of forces of disturbance, and these forces tended to the peripheries of such activity. The areas of greatest social disturbance were to be found where the impacts of the new techniques of production were most felt, and the intensity of the disturbance reached its peak during the interval in which the new economic developments were most rapidly taking place. As the economy became more mature, the social organization adjusted itself to the conditions of production, and an approximate state of equilibrium was attained by the time the economy passed beyond the frontier stage.¹³⁵

The obvious presence of "structural functionalist" sociology was a primary feature of Clark's work and an indication of the growing influence of U. S. imperialist ideology. Clark's interest in Social Credit and other "disturbances" to the state of "equilibrium" of capitalist society reflected a deeply conservative approach to western development.¹³⁶ "Metropolitanism" is present in his approach, but it has a less critical character than that present in many other proponents of the approach. In Clark, there is "exploitation", but of resources, not of region by region --as is characteristic of most approaches to "metropolitanism"--nor certainly of "man by man". Thus, he could write that:

The opening of the West and the exploitations of the pulp and mineral resources of the Precambrian Shield accompanied the growth of manufacturing in the Central Provinces, and it was this combination of economic developments which gave to the industrial-capitalist society of Canada its distinctive character. A purely urban society did not emerge in Central Canada;

¹³⁵ Ibid., p. 1.

¹³⁶ The 'logical' contemporary conclusion to his approach is contained in his reactionary Presidential address to the Royal Society of Canada in 1976. See S.D. Clark, "The Attack on the Authority Structure of the Canadian Society", Transactions, 1976, Fourth Series, Vol. XIV, pp. 3-15.

nor did a purely agricultural society grow up in Western Canada. Metropolitanism became a dominant feature of Canadian community organization, but it was a metropolitanism in terms not of one economic interest but of a great variety of such interests, and the way in which these interests were related to one another determined the distinctive pattern of social development.¹³⁷

While much of Clark's work is written in imprecise and definitionally vague generalization, one gleans the view that "social problems" occurred at the frontier because of the weaknesses of traditional "institutional controls" such as (conformist) religion,¹³⁸ which in turn resulted from the lack of a relatively strong bourgeois or professional class.

Both George E. Britnell and Vernon C. Fowke approached the development of the western interior concentrating on wheat and using a staple theory.¹³⁹ As well, both were influenced by post-World War II discussions of "development economics". Of the two, Britnell (1903-1961) was much less concerned with deeper theoretical questions, although his major work, The Wheat Economy, does follow a clear, if narrow, staple theory approach. His concern with the "violent fluctuations" in prairie farm income and the problem of farm rehabilitation did raise the question of economic

¹³⁷ S.D. Clark, The Social Development of Canada, pp. 381-382.

¹³⁸ See Clark's treatment of religion and economic development in "The Religious Factor in Canadian Economic Development", Journal of Economic History, Vol. VII, December 1947, pp. 89-103; "Religion and the Economic Backward Areas", Papers and Proceedings of the 63rd Annual Meeting of the American Economic Association, Chicago, 1950, Vol. XLI, May 1951, pp. 258-265; "The Religious Sect in Canadian Economic Development", Canadian Journal of Economic and Political Science, Vol. XII, November 1946, pp. 439-453.

¹³⁹ The two even co-authored a book during World War II: G.E. Britnell and V.C. Fowke, Canadian Agriculture in War and Peace, 1935-1940, Stanford: Stanford University Press, 1962.

dependency;¹⁴⁰ however, a confined empiricism and limited interest in general questions of development (even in matters such as terms of trade, state policy, etc.) led to a broad acceptance of "continued dependence on wheat".¹⁴¹ This view, based largely on emphasizing geographical determinants of development, followed an approach to the staple in the tradition of W.A. Mackintosh.

During the Cold War period, Britnell continued to propound the importance of the wheat staple to the Prairies. In a 1953 article, he recognized the growing impact of "new resources" (gas and oil), but despite their "profound influence on the whole life of Alberta", Britnell argued, essentially in quantitative terms such as value of investment, that "Whatever changes new resources may bring to the prairie economy the fundamental importance of wheat will remain."¹⁴² While Britnell recognized international underdevelopment as a major problem, he maintained a considerable confidence in staple development and capitalism. In a major 1957 address Britnell could state that: "Canada and Australia in the past, Guatemala and Rhodesia today, demonstrate the tremendous immediate gains of concentration on one or two staples to help provide the increased revenues and

¹⁴⁰ G.E. Britnell, "The Rehabilitation of the Prairie Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 3, 1937, pp. 508-529; G.E. Britnell, "The Rehabilitation of Prairie Farms", Canadian Banker, 47, October 1939, pp. 19-31; G.E. Britnell, "Dominion Legislation Affecting Western Agriculture", Canadian Journal of Economics and Political Science, Vol. 6, 1940, pp. 275-282; G.E. Britnell, "The War and Canadian Wheat", Canadian Journal of Economics and Political Science, Vol. 7, 1940, pp. 397-413; G.E. Britnell, "The Implications of United States Policy for the Canadian Wheat Economy", Canadian Journal of Economics and Political Science, Vol. 22, 1956, pp. 1-6.

¹⁴¹ G.E. Britnell, The Wheat Economy, Toronto, University of Toronto Press, 1939, pp. xv-xvi.

¹⁴² G.E. Britnell, "Perspective on Change in the Prairie Economy", Canadian Journal of Economics and Political Science, Vol. XIX, No. 4, November 1953, pp. 452, 454.

the foreign exchange needed to carry out a national development programme."¹⁴³ In criticizing the idea of "diversification for the sake of diversification, particularly in those sectors of industry where the economies of scale are unlikely to be realized", he suggested that:

the experience of Australia and, to a lesser degree perhaps, even of Canada suggests that some forms of diversification may lead to a decline or slackening in the rate of growth. Nor is it even approximately true that an economy will necessarily be more stable if production is diversified. On the other hand, there is good reason to suppose that the present essentially one-staple economies of Guatemala and the Rhodesian Federation will remain stable as long as the United States continues to prosper.¹⁴⁴

Thus he adopted the "modernization" ideology of U.S. imperialism and concluded that "an enlarged flow of North American capital, technical skill, and entrepreneurial talent may enable an increasing number of under-developed countries to make significant contributions to the world economy."¹⁴⁵

The approach of Vernon C. Fowke is much less conservative and far more developed than that of Britnell. Indeed, Fowke is probably the premier theorist of the metropolis-hinterland approach in relation to the western interior. In his major study of Canadian agriculture, published in 1946, Fowke concluded that:

The clearest and most significant uniformity regarding Canadian agriculture for more than three hundred years has been its deliberate and consistent use as a basis for economic and political empire. . . .

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G.E. Britnell, "Under-Developed Countries in the World Economy", Presidential Address, Canadian Journal of Economics and Political Science, Vol. XXIII, No. 4, November 1957, p. 461.

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¹⁴⁴ Ibid., pp. 462-463.

¹⁴⁵

¹⁴⁵ Ibid., p. 466.

Canadian agriculture over the centuries has been an instrument of commercial and political empire in three ways: first, as a means for the defence of territory and trade routes; second, as a provisioner of the great staple trades; and third, as the provider of investment opportunities on the agricultural frontier.¹⁴⁶

Fowke's view combined aspects of the staple and metropolitanism trends. By using a basically staple theory approach to the wheat staple and recognizing the dominance-subordination element in the development of the staple, his approach culminated the application of the staple theory to Prairie development, in the sense that it took the application of the staple approach about as far as it could go without leaving the bounds of liberal economics.

Most key elements of Fowke's approach are well treated in Paul Phillip's review of Fowke's "hinterland perspective",¹⁴⁷ but two aspects deserve special mention. First is Fowke's critical view of the price system, particularly, his recognition of the role of monopoly and competition in their relation to economic power and the structure of metropolis-hinterland relations. A joint submission by Fowke, G.E. Britnell, Mabel F. Timlin and Kenneth A. Buckley, explicitly recognized certain of these structural implications, in particular, a possible basis for "exploitation". Since oligopoly rather than competition was now the rule, or at least

¹⁴⁶V.C. Fowke, Canadian Agricultural Policy: The Historical Pattern, Toronto: University of Toronto Press, 1978 (first edition, 1946), pp. 3-4. The first way is similar to H.J.G. Aitken's concept of "defensive expansionism".

¹⁴⁷Paul Phillips, "The Hinterland Perspective: The Political Economy of Vernon C. Fowke", Canadian Journal of Political and Social Theory, Vol. 2, No. 2, Spring-Summer 1978, pp. 73-97.

"extremely prevalent",¹⁴⁸ there was an obvious problem in uneven growth:

The essential problems of growth in an economic society may be not only those of the rates of accumulation and innovation but also the problem of balance between different sectors of the economy. That is, the real question may be, not the average (short-run or long-run) degree of competitiveness in the system but rather the differing degrees of price competition in different parts of the system. The enlargement of such differences may lead to increasing inequities in the distribution of income and in the acquisition of property rights.¹⁴⁹

The second aspect concerns the role of the state, which was more fully developed in his 1957 book, The National Policy and the Wheat Economy.¹⁵⁰ With a focus similar to the Laurentian School, Fowke pointed to the dominant role of the "St. Lawrence merchant class" in establishing the National Policy. He viewed the wheat staple in the context of the "investment frontier" of the St. Lawrence metropolis: "the Canadian nation was designed by commercial interests with the intention of making use of agriculture for commercial purposes."¹⁵¹ Phillips suggests that Fowke used the term "merchant class" in a broad manner to mean "business class", thus including financial and industrial elements;¹⁵² however, de-

¹⁴⁸ G.E. Britnell, V.C. Fowke, M.F. Timlin, and K.A.H. Buckley, Workable Competition and Monopoly: The Public Interest and the Control of Combines in Canada, Submission to the Royal Commission on Canada's Economic Prospects, Saskatoon: University of Saskatchewan, 1956, p. 5.

¹⁴⁹ Ibid., p. 10.

¹⁵⁰ See also some of Fowke's other writings, in particular: "Dominion Aids to Wheat Marketing", Canadian Journal of Economics and Political Science, Vol. 6, 1940, pp. 457-463; "Economic Effects of the War on the Prairie Economy", Canadian Journal of Economics and Political Science, Vol. 11, 1945, pp. 373-387; An Introduction to Canadian Agricultural History, Toronto: University of Toronto Press, 1947.

¹⁵¹ P. Phillips, op. cit., p. 85.

¹⁵² Ibid., p. 85. See also, The National Policy and the Wheat Economy, Toronto: University of Toronto Press, 1957, Chapter 3.

spite his sharp recognition of the metropolis-hinterland division and intimations of the role of class, there is no clear treatment of class structure and forces. As will be mentioned later, this has been a typical problem in metropolis-hinterland approaches, although it deserves to be emphasized that Fowke did go further in this direction than other theorists of the wheat staple.

Several of Fowke's writings dealt directly with political economic power, in particular, showing a considerable sympathy for the position of the farmer. Here his conclusion was evident: "the grain grower has been anything but successful in having policy made by rather than for him."¹⁵³ In the 1950s, with the growing interest in "development economics", Fowke argued for "a reinterpretation of the West as an underdeveloped region".¹⁵⁴ He chose to define "economic underdevelopment" as occurring "wherever an abundance of natural resources, useful and accessible by existing techniques of production, is exploited to a negligible extent",¹⁵⁵ which he saw as most appropriate for the North American continent. The staple concept of the scarcity of labour, capital and entrepreneurship relative to land is present and there is no reference to regional (or class) exploitation. While accepting the existence of an "humanitarian motive" to ameliorate underdevelopment, he argued it was not significant in the

¹⁵³V.C. Fowke and Donald Fowke, "Political Economy and the Wheat Grower", in Norman Ward and Duff Spafford (eds.), Politics in Saskatchewan, Don Mills: Longmans Canada, 1968, p. 220. See also a critical estimate of the role of Royal Commissions on agriculture problems, V.C. Fowke, "Royal Commissions and Canadian Agricultural Policy", Canadian Journal of Economics and Political Science, Vol. XIV, 1948, pp. 163-175.

¹⁵⁴V.C. Fowke, "National Policy and Western Development in North America", Journal of Economic History, Vol. XVI, No. 4, 1956, p. 461.

¹⁵⁵Ibid., p. 462.

North American situation. Instead, "the investment frontier and the defensive or strategic motives . . . were at the heart of the policy of western development evolved by successive generations of Americans and Canadians, just as they are at the heart of present day developmental policy couched in global terms." ¹⁵⁶ Fowke's reference to the global situation and the general tenor of his article recognized implicitly the existence of a predatory metropolitanism, if not imperialism, and this placed him at some variance with the major trend of Cold War ideology.

Kenneth A. Buckley (1918 -)¹⁵⁷, also of Saskatchewan, was influenced strongly by the staple theory and frontierism, although his approach was more quantitative and tended to be critical of certain applications of the staple theory. His major work, Capital Formation in Canada, 1896-1930, recognized the central position of the wheat staple, and its role as a stimulus to investment and capital formation:

The production of wheat on the Canadian prairie provided the basic economic opportunity in the economic development of Canada from 1896 to 1930. This opportunity attracted labour and capital to the direct exploitation of virgin land resources and induced investment throughout the economy in major secondary and tertiary industries and through these, in housing and other community facilities greater by many times than the investment on the agricultural frontier itself. This leverage effect, the most significant aspect of the frontier, the most determining factor in the development of Canada's economic structure and, to a large extent, of its political structure as well. Political and economic behavior was influenced by the prairie, even in advance of its emergence as

¹⁵⁶ Ibid., p. 463.

¹⁵⁷ For a discussion of Buckley's contributions, see M.C. Urquhart, "Introduction" in K.A.H. Buckley, Capital Formation in Canada, 1896-1930, Toronto: McClelland and Stewart, 1974, (first edition, 1955), pp.vi-xiii.

a wheat economy, through the anticipations of its impact when it should emerge. Other factors, such as the past experience and failures of isolated colonies in British North America, the availability of capital funds, the pattern of American experience, and, especially, the geography of the country, were important in the development; but the crucial determinant was the opportunity anticipated and finally realized on the prairie frontier.¹⁵⁸

Buckley argued that the difficult physical environment required capital formation beyond the private means then existing; so the state was compelled to invest, such as in railways and canals; "large external economies were apparently created by the government activities and large-scale booms induced".¹⁵⁹ By the late 1950s, Buckley had continued his statistical interests and was more critical of the staple approach. A 1958 paper argued that the staple theory was "both practicable and efficacious in the period ending in 1820",¹⁶⁰ but beyond that the staple approach had major limitations. A principal concern of Buckley was that data did not exist in a form which would give precise answers to questions such as where and how much capital formation was induced by the emergence of the wheat economy. Thus, he proposed an alternative approach, but one "that is not inconsistent with the staple theory." In essence, he suggested replacing the notion of an "opportunity structure determined by geography and natural resources" with "a general concept of economic opportunity without specifying determinants and then concentrate upon what has happened to the measurable dimensions of productive capacity by areas, industries,

¹⁵⁸ K.A.H. Buckley, op. cit., p. 2-3.

¹⁵⁹ Ibid., pp. 3-4.

¹⁶⁰ K.A.H. Buckley, "The Role of Staple Industries in Canada's Economic Development", Journal of Economic History, Vol. XVIII, No. 4, 1958, pp. 439-452.

and in the country as a whole in the course of their growth through time."¹⁶¹

While Buckley was interested primarily in quantitative measurement,¹⁶² he did theorize about the role of population movements in the process of development. He believed that population movements "are induced by the initiation of some other opportunities, and that once they begin they in their own turn induce further movements of population and this process accumulates."¹⁶³ For Buckley, the attendant "long swing" of growth came to an end when the demands of the growing population for social capital goods such as railways and housing is saturated.

The trend of "metropolitanism" had several further significant adherents during the 1940s and 1950s, notably W.L. Morton, J.M.S. Careless, and D.C. Masters. As the one of these three historians most interested in western Canada, William Lewis Morton (b. 1908), devoted much of his energy to develop the theme of regionalism.¹⁶⁴ His broadly frontierist approach¹⁶⁵ rested on the "metropolitan-hinterland relationship."¹⁶⁶

¹⁶¹Ibid., p. 445.

¹⁶²See, in particular, M.C. Urquhart with K.A.H. Buckley (eds.), Historical Statistics of Canada, Toronto: Macmillan Company of Canada, 1965.

¹⁶³Cited in the "Introduction" by M.C. Urquhart to Capital Formation in Canada, p. xii.

¹⁶⁴See Carl Berger, "William Morton: The Delicate Balance of Region and Nation", in Carl Berger and Ramsay Clark (eds.), The West and the Nation: Essays in Honour of W.L. Morton, Toronto: McClelland and Stewart, 1976, pp. 9-32.

¹⁶⁵See William Morton, "The Northern Frontier: Key to Canadian History", in W. Kilbourn (ed.), Canada: A Guide to the Peaceable Kingdom, Toronto: Macmillan of Canada, 1970, pp. 280-284.

¹⁶⁶Ibid., p. 13.

Morton argued that the Laurentian thesis left the picture of a metropolitanism centred in Montreal and Toronto, but that "such an economically determined metropolitanism implies political imperialism, at least when the metropolitan power has competitors of equal or greater power."¹⁶⁷ Further, he claimed, the implications of the Laurentian thesis were "a metropolitan economy, a political imperialism of the metropolitan area, and uniformity of the metropolitan culture throughout the hinterlands."¹⁶⁸ While balking at the last point, he accepted the first point, arguing that the West had been a "subordinate region" ever since Confederation. Confederation itself "was brought about to increase the wealth of Central Canada". This experience gave the West its "sectionalism" and made it less susceptible "to the brandishments of metropolitan 'nationalism'".¹⁶⁹ In referring to "Laurentian imperialism", Morton proclaimed that "It was the fate of the West to become the colony of a colony which brought to its new imperial role neither imagination, liberality, nor magnanimity". Consequently, "the subordination of the West, when added to its sharp sectionalism, gives it an incisive and cogent character of its own."¹⁷⁰

In Morton, there is a strong geographical-technological determinism and preoccupation with the frontier. For example, in treating the process of settlement in the western interior, he argued that "the settle-

¹⁶⁷ W.L. Morton, "Clio in Canada: The Interpretation of Canadian History", University of Toronto Quarterly, Vol. XV, No. 3, April 1946, reprinted in Carl Berger (ed.), Approaches to Canadian History, Toronto and Buffalo: University of Toronto Press, 1967, pp. 45-46.

¹⁶⁸ Ibid., p. 46.

¹⁶⁹ Ibid., p. 48.

¹⁷⁰ Ibid., p. 48.

ment of the west was in large measure a competition for site".¹⁷¹ However, as society and technology developed the significance of site became less pronounced. Site was thus a function of both environment and technology.¹⁷²

State Theory

Some other approaches which emerged in the 1950s were focused on the role of the state in economic development. As noted, concern with the role of the state appeared as an element in Fowke's analysis of the National Policy. His article, "The National Policy--Old and New", saw two "national policies". The "old" National Policy came to an end with the 1930s and the close of the era of western expansion based on the wheat staple, railways, protective tariffs, and immigration. It was superceded, beginning in the 1930s, by the growth of state activity in new areas, reflecting a "new" national policy. Fowke identified three main areas: the expansion of public welfare measures, monetary management, and agricultural stabilization policy.¹⁷³ These Keynesian-type measures emerged out of the crises of the depression and marked a fundamental change in the direction of state policy in Canada. The first

¹⁷¹W.L. Morton, "The Significance of Site in the Settlement of the American and Canadian West", Agricultural History, Vol. 25, No. 3, July 1951, p. 97.

¹⁷²Ibid., p. 104.

¹⁷³V.C. Fowke, "The National Policy--Old and New", Canadian Journal of Economics and Political Science, Vol. 18, No. 3, August 1952, pp. 271-286, reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, pp. 256-257.

National Policy's concern with expansion had been replaced by a concern with stabilization.¹⁷⁴

Two other writers, W.T. Easterbrook and H.G.J. Aitken, were strongly influenced by U.S. Cold War social science. Indeed, Drache considers Easterbrook part of a group he calls the "Launderers" since in their hands the discipline of political economy was "cleaned up and made more palatable in the era of American social science".¹⁷⁵ This was felt in the dropping of concerns with the national dimension in Canadian political economy, and in avoiding the analysis of the social relations of capitalism in Canada.¹⁷⁶ Easterbrook and Aitken together authored a standard textbook on Canadian economic history which reflects a modified form of staple approach and "selective institutional history":

This book requires no extensive introduction. It is and purports to be nothing more than a straightforward presentation of the leading events and processes of Canadian economic history, selected and arranged in such a way that they will have meaning for the interested reader.

. . . The authors of this book share a common interest in economic organization, both on the level of the national economy and on that of the individual business unit. If this book has a central focus, it is on the part which business organizations, big and small, working in co-operation with government, have played in creating a national economy in Canada.¹⁷⁷

Aitken's work of most direct relevance to the Prairies is his 1959 article, "Defensive Expansionism: The State and Economic Growth in Canada". Here he argued that the state in Canada has taken the "responsib-

¹⁷⁴ Paul Phillips, op. cit., p. 89.

¹⁷⁵ Daniel Drache, "Rediscovering Canadian Political Economy", in W. Clement and D. Drache (eds.), A Practical Guide to Canadian Political Economy, Toronto: James Lorimer and Company, Publishers, p. 28.

¹⁷⁶ Ibid., p. 30.

¹⁷⁷ W.T. Easterbrook and H.G.J. Aitken, Canadian Economic History, Toronto: Macmillan of Canada, 1956, p. v.

ility for creating a national economy and the conditions in which it could survive."¹⁷⁸ Thus, the National Policy was an act of "defensive expansionism" designed for 'nation-building' purposes. In treating the National Policy, Aitken gave no consideration to class relations nor to metropolitan-hinterland exploitation, although the matter of relations between "the state" and "private enterprise" was broached in a superficial manner. Aitken also drew some broad conclusions about the role of the state, but again there was little if any mention of regional or class questions:

The role of the state in Canadian development has been that of facilitating the production and export of those staple products. This has involved two major functions: planning and to some extent financing the improvement of the internal transport system; and maintaining pressure on other governments to secure more favourable terms for the marketing of Canadian exports. In relation to economic development, the escape from colonial status and the achievement of political independence in Canada have meant primarily the creation of a political apparatus competent to perform these functions effectively.¹⁷⁹

Furthermore, the expansionism of the Canadian state is qualified as "defensive", thus conveniently shrouding aggressive and predatory aspects, not to mention "imperialism", in the rhetoric of "self-defense". While Aitken agreed that "the course of economic development in Canada can be called expansionist",¹⁸⁰ he made two decisive qualifications. First, expansion has been frustrated at times by the demand conditions in foreign

¹⁷⁸ H.G.J. Aitken, "Defensive Expansionism: The State and Economic Growth in Canada", in H.G.J. Aitken (ed.), The State and Economic Growth, New York: Social Science Research Council, 1959, pp. 79-114, reprinted in W.T. Easterbrook and M.H. Watkins (eds.), op. cit., p. 209.

¹⁷⁹ Ibid., pp. 220-221.

¹⁸⁰ Ibid., p. 221.

markets and by delays or unwillingness of the state to support particular capital projects required for expansion. The second qualification, according to Aitken, was that Canadian expansionism was defensive in character. In a passage which not only raises several issues of substance but questions of meaning, Aitken concluded:

. . . expansionism in Canada has been induced rather than autonomous. It has been contingent on state action both in the political integration of widely separated regional economies and in the provision of indispensable transport facilities. Throughout Canadian development expansionism has been defensive in character. It has been part of a general strategy of containing expansionism of the stronger and more aggressive economy of the United States and preserving a distinct political sovereignty over the territory north of the present international boundary. Each phase of expansion in Canada has been a tactical move designed to forestall, counteract, or restrain the northward extension of American economic and political influence. Primary responsibility for maintaining and strengthening this policy of defensive expansionism has fallen on the state.¹⁸¹

W.T. Easterbrook (b. 1907) also focused on the role of the state, particularly in relation to his theory of "uncertainty". Easterbrook's only published work shows his liberal imbibing of Cold War positions. In a 1949 article, Easterbrook dealt with the concepts of "freedom" and "security", arguing against the view that the two are necessarily opposed in liberal philosophy and the competitive market system:

In spite of the tendency in economic writings to discuss freedom in general, and security (again in general) as the antithesis of freedom, both the freedom and the security of one particular entity are commonly regarded as fundamental to a "stable and progressive society", namely, the freedom and security (not antithetical) of the entrepreneur, an entity both free and secure, as entrepreneur, to make his decisions, to innovate, and to seek profits according to the criteria of the freely

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¹Ibid., p. 221.

competitive market. The health and welfare of this entity is the basis of the health and welfare of society itself; and his security, which I shall label "entrepreneurial security" is the basic security.¹⁸²

In discussing "the security environment", Easterbrook noted the critical importance of "social security" since it is "a condition of survival of entrepreneurship . . . security against want for that part of the populace which matters politically."¹⁸³ Easterbrook's obvious class position reiterated the typical "Liberal" rationalization of state intervention and "reformism": defend the class system by granting concessions in social welfare programmes and regulations.

. . . granted the assumption that a workable free economy is a necessary condition of political democracy, the aim of entrepreneurial freedom can best be served by a thorough examination of the whole set of limitations within which action directed to the attainment of this ideal must take place. . . . The primacy of the need for external defence, the almost overwhelming demands for social security minima in a world not enamoured of the uncertainties generated by market forces, the increasing tendency to doubt that any close relationship exists between entrepreneurial freedom and the general good (partly a result of the confusion in the public mind between entrepreneur and bureaucrat as economic types), and the presence of serious internal tensions, these do not add up to a healthy free-enterprise environment. Faced with these appalling obstacles to the attainment of his ideal of freedom the liberal economist must accept the presence of centralization as a common feature of economic activity and press for a state strong enough, and wise enough, to provide a minimum of social security by measures offsetting the restrictionism of organized producer groups, to establish strong defences against aggression, and at the same time to work toward the far-off ideal of the competitive market.¹⁸⁴

¹⁸²W.T. Easterbrook, "Political Economy and Enterprise", Canadian Journal of Economics and Political Science, Vol. XV, 1949, p. 325.

¹⁸³Ibid., pp. 328-329.

¹⁸⁴Ibid., p. 333.

From the concern with "security structures", Easterbrook proposed treating "uncertainty as a unifying concept of value in working toward a systematic approach to long-run economic change."¹⁸⁵ In looking at Canadian development and economic change he argued that: "study of change here and elsewhere might profitably begin with the examination of the primary uncertainty setting in which entrepreneurs have functioned, the centers and techniques of response to primary uncertainties and the part played by entrepreneurs in their reduction."¹⁸⁶

In a 1957 article, Easterbrook continued on this theme, although with a somewhat broader basis. He proposed an approach with two focal points: first, "the entrepreneur, decision-maker in the investment of time, capital and energy in finance and trade, agriculture and industry" and, second, "the uncertainty which lies at the heart of entrepreneurial decisions".¹⁸⁷ He then distinguished between "enterprise" and "bureaucracy" which were seen as two "polar extremes". While "enterprise" was the ideal type of competitive firm à la Marshall, bureaucracy was even less precisely defined:

The former [enterprise] is identified with wide dispersion of power and a preoccupation with short-run returns; this has points in common with the case of pure competition--freedom of entry, no direct control over price--a type not likely to be confused with real type situations. Bureaucracy has reference to concentration of power and a concern with duration, longevity, the long-time horizons that Arthur Cole and Oswald Knauth have written about.¹⁸⁸

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W.T. Easterbrook, "Uncertainty and Economic Change", Journal of Economic History, Vol. XIV, No. 4, 1954, p. 359.

¹⁸⁶

Ibid., p. 359.

¹⁸⁷

W.T. Easterbrook, "Long-Period Comparative Study: Some Historical Cases", Journal of Economic History, Vol. XVII, No. 4, 1957, pp. 573-574.

¹⁸⁸

Ibid., p. 574.

Thus, economic growth and development could be studied through the "security settings" of entrepreneurship:

In sum, entrepreneurs as decision-makers, uncertainty as the key to change, and reference to polarities as a means of reviewing the direction and kind of changes in various situations, these provide the basis for discussion of questions centering on differential rates of growth or why growth at all.¹⁸⁹

The general point made by Easterbrook was that different types of investment climate give rise to different types of entrepreneurial response, in particular, "the closing of ranks where uncertainties are great, a loosening where these are lessened by circumstance or design."¹⁹⁰ In the case of Canada, the strong role of the state, such as in the National Policy, evolved in response to the pattern of insecurity. Here again appeared the theme of "defensive expansionism":

The new Dominion inherited a structure in which geographical and market factors gave rise to a satellitic, vulnerable pattern of development, and national policies were such as to perpetuate this problem. It was doubtful whether there was any choice, for a geographical setting that had pulled traders into the continent too fast and too far now presented obstacles to settlement which only an enormously costly system of transportation could overcome. And the not always benevolent interest of the United States in key points in the Canadian network left no alternative to a forced hothouse process of development that has left its mark on the present. What emerged by the end of the nineteenth century was a nation still heavily committed to the support of a system of transportation and production for European markets; private entrepreneurs continued to function in a national structure whose outlines show little change over the century. Whether or not brief spurts of capital formation indicate one or more periods of take-off into advanced states of growth, the staying power of established institutions is clear enough.

¹⁸⁹ Ibid., p. 575.

¹⁹⁰ Ibid., p. 575.

In the first decade of this century, a period when national policies seemed to be paying off, technological change and the beginnings of new market alignments combined to ensure the continuance of a defensive role for Canadian entrepreneurship.¹⁹¹

Related to this passage is a view of institutions and structural change which played a prominent role in Easterbrook's approach:

. . . an underlying theme of this paper . . . is the persistence of staying power of institutions that evolve in formative phases of growth to cope with the uncertainties that face entrepreneurship. It is only in rare instances that these give way to the point where free enterprisers break loose to transform the economy. There is, of course, no set or inevitable pattern in all this. The distinction between areas of persistence and of transformation takes on meaning only if given historical reference, and examination of the security-setting of entrepreneurship is suggested as one means of linking the abstract and the concrete.¹⁹²

Associated with the above theme was a crude two-stage view of the development of institutions: "I am inclined to the view that a two-step sequence may be discerned in formative periods of economic growth: the early phase in which institutional arrangements take shape in various security-settings of entrepreneurship, and a subsequent phase marked by the persistence of established institutions in the face of change."¹⁹³ The actual degree of persistence is dependent on the "social environment", which in turn reflects "the presence of pressing uncertainties over the long-period".¹⁹⁴ Significantly, despite the importance of institutional development to Easterbrook's approach, there is no mention of institutional "crisis",

¹⁹¹Ibid., pp. 579-580.

¹⁹²Ibid., p. 581.

¹⁹³Ibid., p. 588.

¹⁹⁴Ibid., p. 589.

"deformation", or "decay".

Conclusion

In reviewing the various strands of academic thought leading from World War I to the Cold War period, it appears obvious that hard and fast divisions among the approaches of frontierism, the staple theory, and metropolitanism do not appear. There are some general notions and characteristic emphases, but hardly what could be considered precisely delineated or discrete theories.

The outstanding example of this is the case of Innis and Mackintosh. While both evolved a form of staple theory, their approaches diverged sharply, indeed, to the point that Drache has claimed there are actually two "traditions".¹⁹⁵ He suggests that while Mackintosh was "a passionate believer in capitalism as an essentially progressive system", Innis was "a critic of capitalism who increasingly came to believe that it betrayed its own values". Thus, in particular:

Mackintosh argued that the export-led growth and expansion was the basis of industrial development: the era of the colonial staple prepared a settler country for gradual and eventual industrialization. Innis, conversely, held the view that Canada's staple-oriented economy would remain fundamentally dependent because centre-margin relations under capitalism are such that dependencies are prevented from developing into self-generating industrialized economies.¹⁹⁶

¹⁹⁵ Daniel Drache, op. cit., pp. 9-14.

¹⁹⁶ Ibid., pp. 13-14. The latter point is expressed in Innis's well-known statement that "the trade in staples . . . characterized an economically weak country". (The Fur Trade, p. 401.)

This type of cleavage is also present between other staple writers. For example, although both Fowke and Britnell concentrated on the same staple --wheat--Britnell's approach followed a position closer to Mackintosh while Fowke's was closer to Innis.

A similar cleavage exists between the approaches of frontierism and metropolitanism. Both are focused on "outer periphery" or "centre-margin" relationships, yet each has a different set of conclusions, with the ideological impact of frontierism tending to be more conservative while that of metropolitanism tending to be more 'liberal' and critical. However, even among frontierist and metropolitanist approaches themselves, one can observe significant variation. For instance, there is a considerable difference between the "environmentalism" (or frontierism, broadly conceived) of F.H. Underhill with its clear liberalism, and the more conservative and less critical approach of C.A. Dawson or W.N. Sage. Thus, any developed analysis of the political economic basis of the varied approaches could benefit initially from recognizing that the divisions within such general approaches as the staple approach are as significant as the divisions among such approaches.

Easterbrook considered the two staple traditions to reflect "the Queen's University tradition with its Scottish, practical bent and its stress on applied economics, and the . . . Toronto Historical School".¹⁹⁷ Furthermore, these schools of thought, which he characterized as "the applied economics of Queen's" and "the historical economics of Toronto", had set the main pattern of Canadian economics until the 1950s.¹⁹⁸

¹⁹⁷ W.T. Easterbrook, "Trends in Canadian Economic Thought", The South Atlantic Quarterly, Vol. LVIII, 1959, p. 91.

¹⁹⁸ Ibid., p. 92.

Without denying certain distinctive features of the Queen's and Toronto traditions, Easterbrook's analysis obscures the political economic determinants of these traditions. For example, the reference to the "Scottish, practical bent" of Queen's is hardly distinctive; Toronto also had economists of Scottish extraction and economists who had studied Scottish economists, including Innis himself, and it is certainly evident that interpreting 'practicality' as a criterion is itself dependent on particular political economic positions. What seems more obvious, although this would recognize the ideological element in economics, is that Queen's has had a generally more conservative tradition while Toronto has had a more liberal or critical tradition, which itself had historical, including material bases and which went far beyond the walls of Queen's University and the University of Toronto.

J.M.S. Careless (b. 1919), whose academic interests have included work on urban history in the West,¹⁹⁹ produced one of the best-known articles on Canadian historiography, "Frontierism, Metropolitanism, and Canadian History", in 1954. Careless considered there were four main "schools" in Canadian history. The first was the "Britannic School" (or, jokingly, the "Blood is Thicker than Water School") which was generally pre-World War I and strongly British imperialist in orientation.²⁰⁰ The second was the "School of Political Nationhood" which was strongest in the 1920s and reflected a growing Canadian nationalism. Its main theme

¹⁹⁹ See, for example, J.M.S. Careless, "Aspects of Urban Life in the West, 1870-1914", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, Toronto and Montreal: Holt, Rinehart and Winston, 1973, pp. 25-40; J.M.S. Careless, "Localism or Parochialism in Canadian History, B.C. Perspectives 2 (1972), pp. 4-14; J.M.S. Careless, "Urban Development in Canada", Urban History Review, No. 1-74, pp. 9-19.

²⁰⁰ J.M.S. Careless, "Frontierism, Metropolitanism, and Canadian History", pp. 64-65.

was "the march of Canada to political nationhood", but the school had two phases in its development. The first, which was more British in orientation (Chester Martin and R.G. Trotter) saw Canadian development within the general framework of British institutions, while the second was more nationalist, more critical of British imperialism, and Liberal in party sympathies (J.W. Dafoe, O.D. Skelton).²⁰¹

The third group was the "Environmental School" (or "North Americans All" School) which emerged in the late 1920s and was strongest in the 1930s. This was greatly influenced by Turner and frontierism, and tended to be continentalist and Liberal (F.H. Underhill, W.N. Sage, A.R. M. Lower, A.S. Morton and A.L. Burt).²⁰² Careless maintains there were three stages in the use of the frontier interpretation in Canada. In the first, there were "stimulating applications of frontierist themes and concepts to the Canadian half of the North American environment".²⁰³ In the second, there appeared "criticisms and modifications of the frontier interpretation, although the environmentalist emphasis was still much in evidence".²⁰⁴ In the third, "new emphasis was given to the role of eastern rather than western forces in Canada, to urban interests and to the dominating power of the organizing, controlling metropolis".²⁰⁵

The fourth group was the "Laurentian School" (or "Waterways School") which was more sharply nationalist, particularly against the continentalism

²⁰¹ Ibid., pp. 65-66.

²⁰² Ibid., pp. 67-70.

²⁰³ Ibid., p. 71.

²⁰⁴ Ibid., p. 72.

²⁰⁵ Ibid., p. 73.

and Liberalism of the third school.²⁰⁶ Careless saw in the Laurentian School (H.A. Innis, D.G. Creighton) the emergence of a "metropolitan" rather than "frontier" viewpoint since the school "primarily studied the effects of the east on the West".²⁰⁷ He argued that metropolitanism is "at root a socio-economic concept" which had some application in the work of A.R.M. Lower and D.C. Master, and that it could provide "a new perspective that may disclose new vistas and produce new patterns for Canadian history".²⁰⁸ Presumably, for Careless, metropolitanism should become the fifth school in Canadian historiography.

Careless' historiographical approach has several serious weaknesses. Most importantly, the "schools of thought" he identified were not related to their socio-economic roots. Predictably, the role of ideology and social class were ignored, and 'nationalism' was treated in such a superficial manner that the role of French Canada was ignored. Viewing 'nationalism' in Canada in the abstract or in general tends to obscure the fact that it is mainly English-Canadian nationalism to which Careless referred, and that it is a nationalism with a class character, mainly "bourgeois nationalism". This approach is also reflected in Careless' view of 'imperialism'. In his article, one wonders why some of the Britannic School were referred to as "convinced imperialists",²⁰⁹ yet immediately after World War I, there were no "imperialists" to be found, whether convinced or otherwise. Even an extremely narrow, if not misleading, definition of imperialism such

²⁰⁶

Ibid., pp. 76-78.

²⁰⁷

Ibid., p. 78.

²⁰⁸

Ibid., pp. 79-83.

²⁰⁹

Ibid., p. 64.

as provided by Berger²¹⁰ does not allow an escape for Careless, because the trends in historical thought before World War I were broader than this narrow 'imperialism'. But, if broader, how much broader, and what of those imperialist approaches that did not reflect the alleged 'nationalism' or other features of the narrow 'imperialism'--were they possibly of a type of 'imperialism' which did not die after World War I? There is here a serious problem which cannot be glossed over by simply lumping one or all 'imperialisms' into a "Britannic School".

While Careless's article does help to show certain variations in the character of the frontierist, staple, and metropolitanist approaches, it does not recognize their essentially ideological character. In particular, as one digs deeper and observes the shifting character of the approaches over time, their often vague and indeterminate formulations, their major omissions, and the limited consideration of important theoretical concepts and assumptions, it is evident that these "currents of thought" have a major ideological significance which deserves to be fully recognized from a serious 'scientific' standpoint. In early pre-World War I approaches, where crude notions of 'social Darwinism' and 'biological determinism' appear so strongly, the gap existing between thought

²¹⁰ Berger writes: "In the context of Canadian history imperialism means that movement for the closer union of the British Empire through economic and military co-operation and through political changes which would give the dominions influence over imperial policy. Though British North Americans had traditionally taken pride in their connection with the Empire and though the movement for imperial unity drew upon sentiments and traditions which had originated in the distant past, organized efforts to prevent the dissolution of the imperial tie, to strengthen and transform it, began with the formation of the Imperial Federation League in London in 1884 and the subsequent appearance of its branches in Canada." (Carl Berger, The Sense of Power, p. 3.)

and reality is painfully obvious and almost begs for some comprehensive explanation. Nonetheless, in *Careless*, as in numerous other established historiographical treatments, little has been said about the ideological character or bases of even the "disproved" or "discredited" theories. This point is doubly significant since what may appear to have been rejected has often been only reformulated in a less crude fashion. Such has been the case with biological determinism, which remains to this day in more sophisticated forms as an influential theory despite its unscientific character.²¹¹ Without an analysis of the ideological character of approaches, whether scientific or unscientific, there is not only a greater probability of repeating earlier mistakes but there is also less attention to fundamental assumptions.

While certain differences among the main approaches have been distinguished if not amplified, the common or uniting elements have not been considered. In large part this reflects the class character of *Careless's* own analysis. Whatever their differences, the general approaches he identified share a common 'bourgeois outlook'. While this outlook reflects not only the stage of internal development of the Canadian economy and society, certain internal divisions, and also its varying relations with British and U.S. imperialism, an equivalent recognition of the common character of the approaches is necessary to understand much of their shifting, overlapping, interwoven, and essentially indistinguishable character. Without such an analysis, the classification process can become highly subjective, and lead to arbitrariness, equivocation, and endless haggling.

²¹¹

See, for example, Doris and Francis Bartlett, "Social Implications of Biological Determinism", Science and Society, Vol. XXXV, No. 2, Summer 1971, pp. 209-219.

Another matter that flaws Carless's account but which is essential to a thorough analysis of the ideology of all approaches, is consideration not only of what is treated, but of what is not treated or ignored. This is most evident in the 'omission' of the role, interests and perspectives of sections of the population outside the ruling circles of capitalist society. The non-treatment or superficial treatment of certain subordinate classes or groups such as labour, the Native Peoples, women, national minorities, and 'radicals', is a decisive feature of many approaches. It was particularly significant, for example, that there was relatively little academic interest shown in the history of the labour movement in Canada until the late 1930s and 1940s.²¹² Such a lacuna can say a great deal about the character of certain approaches. Similarly, certain approaches themselves can be blacked out entirely by ignoring these subordinate classes or groups. In this respect, it is significant, for example, that Careless would write an historiographical review without so much as referring to Marxism or mentioning such writers as Myers.

²¹²The first prominent academic writing on labour history in Canada was an article by Robert Hamilton Coats, "The Labour Movement in Canada", published in 1914 as part of the Canada and Its Provinces series (Vol. IX, pp. 277-355). Coats (1874-1960), who became Dominion Statistician, also edited a volume of survey essays on Canada which included contributions on labour topics by Idele Wilson and H.A. Logan (Features of Present-Day Canada, American Academy of Political and Social Sciences, Annals, Vol. 253, September 1947, Philadelphia, 1947).

The first book on Canadian labour history was not published until 1928 (Harold Amos Logan, The History of Trade Union Organization in Canada, Chicago: University of Chicago Press, 1928). H.A. Logan (1889-) was the first leading academic figure in the field and, for many years, his book and Coats's article were the only published academic works. A few theses, particularly in the early 1920s, considered aspects of labour history, and a general study of labour in Canadian-U.S. relations was completed in 1937 (N.J. Ware and H.A. Logan, with an editorial introduction by H.A. Innis, Labor in Canadian-American Relations, Toronto: Ryerson, 1937). The first major general academic treatment of Canadian labour to be published in Canada did not appear until 1948 (H.A. Logan, Trade Unions in Canada: Their Development and Functioning, Toronto: Macmillan, 1948).

A somewhat contrasting approach to the delineation of general approaches or schools of thought, was posed by Danial Drache in his essay "Rediscovering Canadian Political Economy". Drache's analysis indicates a deeper awareness of the ideological character of Political Economy and History, although this is subject to certain weaknesses which are similar to those in the Careless analysis. In essence, Drache's essay reflects the renewed interest in Canadian political economy which has emerged with this growing resistance to imperialism, particularly U.S. imperialism, and the gradual abatement of the Cold War. Having just "rediscovered" the Canadian political economy tradition, Drache attempted to classify the main schools, which appeared for him to fall into "seven fairly well-defined phases".²¹³ Briefly, they were: the Founders (Innis, Creighton, Mackintosh, Lower, Morton); the "State Theorists" (Underhill, Corry, Hodgetts, Scott, Forsey, Trudeau); the "University of Toronto Practitioners" (Easterbrook, Dales, Bladen, Clark, Aitken); the "Hinterlanders" (Fowke, Britnell, Buckley, Soward, Saunders); the "Post-Innisians" (Mallory, Macpherson, McLuhan, Pentland, Spelt, Ferns, Aitken); the "Launderers" (Deutsch, Porter, Careless, Becher, Reisman); the New Political Economy (Ryerson, Nelles, Watkins, Naylor, Clement).²¹⁴

Such classification schemes as those of Easterbrook, Careless, and Brache²¹⁵ have a certain usefulness in introducing some main themes and issues of academic thought on Canadian development. However, until there are some clearer principles of classification which recognize more deeply

²¹³Danial Drache, op. cit., pp. 2-3.

²¹⁴Ibid., pp. 2-3. Morton refers to W.L. Morton.

²¹⁵Some others are listed in the appended bibliography.

the ideological character and socio-economic bases of the various trends of thought, we are faced with only "rough though convenient" typologies.

In the next chapter it is proposed to consider briefly the period of the 1950s and following. Treating the literature of this more 'contemporary' period poses similar problems of those just mentioned, as well as the problems of greater "technical" complexity presented by the dominance of neoclassical economic thought. However, since similar underlying issues are involved, especially in dealing with long-term structural aspects of Alberta's development, this thesis generalizes from the fundamental economic theoretical trends present among the various approaches, without detailing their interconnected or contradictory features, or interpreting their many emphases and nuances.

Chapter Three

Contemporary Approaches and Trends in the Study of Development in Alberta and the Western Interior

A people living under the perpetual menace of war and invasion is very easy to govern. It demands no social reforms. It does not haggle over expenditures on armaments and military equipment. It pays without discussion, it ruins itself, and that is an excellent thing for the syndicates of financiers and manufacturers for whom patriotic terrors are an abundant source of gain.

Anatole France (1908)

The role of U.S. corporate and state interests in Canada increased dramatically during the 1940s, a trend which was reinforced and accelerated by the Cold War. The increased pressures for continental integration also had their impact in the academic realm. At first, especially during the 1940s, there was a considerable differentiation of approaches, including ones critical of U.S. imperialism (such as Innis and Creighton). However, by the early 1950s, the Cold War onslaught, including the 'hot war' in Korea (1950-52), had driven academic economics in Canada sharply to the right and opened it for the neoclassical deluge.

In the generalized conditions of fear, hostility and outright repression against left-leaning positions, major changes took place in Canadian economics. Under the guise of 'modernizing' Canadian social science, positivistic neoclassical economics flooded into Canadian universities. With the post-Sputnik 'boom' in government and university research and education, many of those who had accepted or been trained into accommodation with the new right-wing tide rose to leading positions in government and the academe. By the early 1960s, the number of Canadian published academic economists and historians 'out-of-step' with the general neo-

classical approach was miniscule.¹

There have been innumerable and detailed critical treatments of classical and neoclassical ('bourgeois') economics, as well as of their philosophical bases in empiricism and positivism.² While the criticisms will gain no added credibility by being repeated here, it is necessary to mention a few key problems stemming from the general neoclassical approach. If scientific theories are to be judged on the criteria of correspondence to facts, internal consistency, and adequacy, then it is inevitable that the neoclassical approach will face certain problems. Even if one ignores, for example, the underlying value theory, the methodological individualism, fundamental definitional problems (notably "capital"), questionable assumptions (about competition, material self-interest, etc.), and an implicit "structural functionalism" with regard to social relations, as well as any internal inconsistencies such as debated in the Cambridge "capital controversy", there is still the problem of adequacy. Is the theory capable of explaining certain economic phenomena? It is implied in the following discussions that, at very least, the neoclassical approach is

¹ Notable members of this small fraternity included S.B. Ryerson and H.C. Pentland.

² Among some relatively recent writings are: Michael Bleaney, Underconsumption Theories: A Historical and Critical Analysis, London: Lawrence and Wishart, 1976; I.G. Blyumin (ed.), Theories of "Regulated Capitalism": A Collection of Articles, Moscow: Foreign Languages Publishing House, n.d.; Maurice Dobb, Welfare Economics and the Economics of Socialism: Towards a Commonsense Critique, Cambridge: Cambridge University Press, 1969; A Gamble and P. Walton, Capitalism in Crisis: Inflation and the State, London and Basingstoke: Macmillan Press, 1976; Francis Green and Petter Nore (eds.), Economics: An Anti-Text, London and Basingstoke: Macmillan Press, 1977; E.K. Hunt and Jesse G. Schwartz (ed.), A Critique of Economic Theory, Harmondsworth, Eng.: Penguin Books, 1972; Marc Linder, with Julius Sensat, Jr., Anti-Samuelson, New York: Urzon Books, 1977, 2 vols.; Irina Osadchaya, From Keynes to Neoclassical Synthesis: A Critical Analysis, Moscow: Progress Publishers, 1974.

incapable of dealing with not only the long-term dynamic and structural character of capitalist development but also the transformation of pre-capitalist to capitalist economy. As Marx noted, "It is . . . self-evident that a theory which views modern capitalist production as a mere passing stage in the economic history of mankind, must make use of terms different from those habitual to writers who look upon that form of production as imperishable and final."³

Under the impetus of the neoclassical approach there was an increasing emphasis towards technical manipulation and away from theory. Teaching and research in the history of economic thought, economic history, and Canadian political economy all suffered.⁴ Nevertheless, countervailing historical developments began to appear in the late 1950s. An ever increasing series of crises began to emerge for the developed capitalist countries, particularly the U.S., which was reflected in a growing differentiation among neoclassical approaches as well as in economics (and history) as a whole. The war in Vietnam was of special significance in weakening the ideological hold of neoclassical economics. The appearance of growing numbers of left-leaning critics of capitalist development, including the "New Left", and an awakening interest in the "Old Left", most evident in the late 1960s, was a major consequence of the rising trend of anti-imperialist resistance. Canadian economics and history witnessed

³Karl Marx, Capital: A Critique of Political Economy, London: Lawrence and Wishart, 1970 (first English edition, 1881), Vol. I, p. 5.

⁴For instance, as has been noted by several critics of present Canadian economics programmes, it is possible--and typical--that students studying economics in Canada, including the University of Alberta, can complete degrees up to the level of the Ph.D. without having heard so much as a lecture on Harold Innis or read a single economics book written prior to the 1950s.

a sharpening interest in the issue of "foreign ownership", and earlier "nationalist" writers such as Innis and the "Toronto Historical School" were "rediscovered". Following the defeat of U.S. imperialism in Vietnam, and with further crises in the developed capitalist economies, there has emerged in the last few years a renewed rightist reaction stemming from high-level corporate and government circles.⁵ Reflecting the sharpening of relations between labour and capital, one sees in academic economics and history the further differentiation of positions and a greater interest in pressing issues, for example, budget cutbacks, 'foreign' student and 'immigration' issues, the 'energy crisis', wage and price controls, constitutional questions, and so on.

Viewed in historical perspective, the changes taking place in economics show the deep imprint of crises in capitalist development. The First World War and its aftermath saw sharpened criticism of British imperialism and a greater realism regarding Canadian capitalism. Despite a short-lived 'boom' period during part of the 1920s, the Great Depression also intensified criticism of capitalism. By the 1940s, crisis after crisis had compelled greater realism among increasing numbers of economists and citizens as a whole. The Cold War attempted to reverse that trend and, to a degree, succeeded. However, the problems of capitalist development remained. Even in the post-World War II 'boom' and the aggressive expansion of U.S. corporate and state interests in Canada, intense political and economic struggles were waged, although at the time they had little immediate impression in increasingly conservative academic

⁵One can note sharper intervention of corporate interests directly in the academic field, for example, in the establishing of the rightist Fraser Research Institute. See Donald Gutstein, "Corporate Advocacy: The Fraser Institute", City Magazine, September 1978, pp. 32-39.

circles. But with the persistence of "regional inequalities", the growth or racial, urban, environmental, and energy crises, even neoclassical economics was compelled to recognize certain intractable realities. Influenced directly by events in the United States, Canadian university and college programs in economics training and research, saw the proliferation of "specialties" such as "regional economics", "urban economics", "environmental economics", "energy economics", the "economics of poverty" and "development economics". Even such basic matters as textbook content and selection have begun to reflect the growing awareness of diversity in economic thought and the existence (but not the academic respectability) of critical and anti-capitalist trends.⁶

The long-run general trend of economics in Canada since World War I has been towards fewer material ties to capitalist interests and greater openness to centrist (or 'liberal') and even left-leaning critical approaches. This has been most evident in periods of serious crisis. However, the countervailing approaches, which tend to gain added impetus during periods of reaction, still dominate economic thought in Canada. This, as will be seen, is no less the case in approaches to the development of capitalism in Alberta as it is in other areas of economics and the social sciences.

⁶This is apparent, for example, in the evolution of Paul Samuelson's economics textbook, probably the most used introductory economics text in North America. See especially, Paul A. Samuelson and Anthony Scott, Economics, Fourth Canadian edition, Toronto: McGraw-Hill Ryerson, 1975, Chapter 41.

General Approaches in Recent Years

The persistence of uneven regional development in the west received relatively little attention during the post-World War II 'boom' period. There was considerable interest in oil and gas development, including pipeline, export, and industrial policy, during the "dynamic decade" after the 1947 Leduc discovery, and some application of the staple approach to this particular mineral staple.⁷ And there was some interest in the role of the west as an aspect of the economic growth in Canada, which in turn reflected the resurgence of interest in the theory of economic growth.⁸ In addition, there was a growing interest in "the far North", largely

⁷ See, for example, Eric Hanson, Dynamic Decade: The Evolution and Effects of the Oil Industry in Alberta, Toronto: McClelland and Stewart, 1958; and G.E. Britnell, "Perspective on Change in the Prairie Economy", Canadian Journal of Economics and Political Science, Vol XIX, No. 4, November 1953, pp. 437-454; Richard E. Caves and Richard H. Holton, The Canadian Economy: Prospect and Retrospect, Cambridge, Mass: Harvard University Press, 1959, especially Chapter 6; A.W. Currie, Canadian Economic Development, Toronto: Thomas Nelson and Sons (Canada), 1960, (first edition, 1942), especially Chapter 10.

⁸ See, for example, K.A.H. Buckley, Capital Formation in Canada, 1896-1930, Toronto: McClelland and Stewart, 1974 (first edition, 1955); K.A.H. Buckley, with comments by P. Hartland, D.H. Jones, and O.J. Firestone, "Capital Formation in Canada", in National Bureau of Economic Research, Problems of Capital Formation: Concepts, Measurement, and Controlling Factors, Conference on Research in Income and Wealth, Princeton: Princeton University Press, 1957, pp. 91-145; K.A.H. Buckley, "The Role of Staples in Canada's Economic Development", Journal of Economic History, Vol. XVIII, No. 4, 1958, pp. 439-450; Penelope Hartland, "Factors in Economic Growth in Canada", Journal of Economic History, Vol. XV, No. 1, 1955, pp. 13-22; R.D. Howland, Some Regional Aspects of Canada's Economic Development, Ottawa: Royal Commission on Canada's Economy Prospects, 1957. During the Cold War period, the heightened interest in economic growth was fueled, if not precipitated by U.S.-Soviet rivalry; however, this underlying (though not always explicit) preoccupation was not as pronounced in Canada as in the U.S.

stimulated by mineral exploration and development, and by military involvement associated with the "DEW-line" project and NORAD.⁹ Notable also was the interest of several social scientists in the previously mentioned Social Credit in Alberta series, which seemed geared to doing an academic autopsy on the "at-one-time-radical" Prairie province. While the emphasis tended to be towards political and sociological matters, there were matters of economic significance.

Perhaps most directly useful was C.B. Macpherson's Democracy in Alberta (1953) and V.C. Fowke's The National Policy and the Wheat Economy (1957). Macpherson's book is one of the few significant efforts at a class analysis of a major period of Alberta's development. This was an important advance on earlier Canadian political economy, especially so as it was done in the face of growing resistance to any approach tinged with Marxism:

In trying to understand its [democracy in Alberta] emergence and significance it became necessary to go beyond the geographic-economic interpretation that had been predominant in Canadian political economy. It has been customary to look, for formative influences, mainly to the geographical and economic attributes peculiar to the northern part of the North American continent. The results obtained by directing attention to these features have been so impressive that an apology seems required now for using, in an analysis of Canadian phenomena, concepts which are primarily European. This applies particularly to one concept used extensively in the final chapter. Nobody likes to be called petit-bourgeois; and the term is especially opprobrious in North America, where there is a disposition to hope or believe that we are immune from those class forces that operate plainly enough in Europe. . . . But . . . the political economies of Europe and Canada have

⁹See, for example, Frank H. Underhill (ed.), The Canadian Northwest: Its Potentialities, Symposium Presented to the Royal Society of Canada in 1958, Toronto: University of Toronto Press, 1959.

similarities as important as their differences.¹⁰

Macpherson's analysis, which will be considered later, is an outstanding example, if not the culmination, of pre-Cold War social democratic thought on prairie development.

However, it was not until the 1960s that there occurred a notable proliferation of work on the development of Alberta and the prairie region. In economics, the neoclassical orientation remained predominant, although by the 1970s there was a growing interest in non-neoclassical approaches. Within the neoclassical field there were at least two significant "growth areas", both imported from economics in the U.S.. The first was the appearance of "regional economics" as a specialty, which itself was closely associated with renewed interest in "location theory" and, related to it, the rise of so-called "regional science".¹¹ The second was the appearance of the "new economy history" or "cliometrics"). Both areas are heavily dependent upon neoclassical microeconomic theory and, in turn, reflect its weaknesses. This quantitative preoccupation of "new economic history" has contributed to the study of certain statistical problems, but qualitative issues and structural-institutional matters, as in neoclassical thought generally, play no fundamental role and tend to be ignored.¹² A

¹⁰ C.B. Macpherson, Democracy in Alberta: Social Credit and the Party System, Toronto and Buffalo: University of Toronto Press, 1974 (first edition, 1953), p. xi.

¹¹ For an early survey article on regional economics, see John R. Meyer, "Regional Economics: A Survey", American Economic Review, Vol. LIII, 1963, pp. 19-54.

¹² For three criticisms of the "new economic history" in the U.S., see E.J. Hobsbawm, "Economic and Social History Divided", New Society, July 11, 1974, pp. 74-76; H.C. Pentland, "Recent Developments in Economic History: Some Implications for Local and Regional History", Historical and Scientific Society of Manitoba, Transactions, Series III, No. 24, 1966-1968, pp. 7-15; I. Kovalchenko and N. Sivachev, "Structuralism and Structural-Quantative Methods in Modern Historical Science", Social Sciences, U.S.S.R. Academy of Sciences, Vol. IX, No.1, 1978, pp. 60-82.

general theory or explanation of economic development in the western interior has yet to appear from the new economic history, although certain topics, to be noted later, have appeared.

The Economic Council of Canada in their fourteenth annual review (1977), Living Together: A Study of Regional Approaches, outlined five approaches to the study of regional disparities. These included: the Staples approach, the Development approach, the Neoclassical approach, the Keynesian approach and the Regional Science approach.¹³ While it is beyond the present scope to consider each in depth, a few points deserve mention. In particular, while there are differences of approach in the five positions, there is also a commonness of approach which is not drawn out, that is, they all share the ideology of economic liberalism. Predictably, all opposing positions, particularly any that hint of a class analysis, are excluded.

Even with respect to the staple approach, the 1960s saw the "neoclassicization" of the approach. In 1963, Melville Watkins proposed a staple theory of economic growth using traditional neoclassical categories.¹⁴ Other work of this type, including some directed towards attack-

¹³ Economic Council of Canada, Living Together, Chapter 3.

¹⁴ M.H. Watkins, "A Staple Theory of Economic Growth", Canadian Journal of Economics and Political Science, Vol. XXIX, May 1963, pp. 141-158; reprinted in W.T. Easterbrook and M.H. Watkins (eds.), Approaches to Canadian Economic History, Toronto: McClelland and Stewart, 1967, pp. 49-73.

ing the staple approach, was done by G.W. Bertram,¹⁵ R.E. Caves,¹⁶ E.J. Chambers and D.F. Gordon.¹⁷ This trend has been criticized both by a later Watkins from a "Neo-Marxist" approach¹⁸, and by R.F. Neill¹⁹, whose comments will be considered presently. According to the Economic Council of Canada, the strength of the staple theory lies in its capacity to account for differing rates of employment and growth, and perhaps incomes, through "differences in the availability of marketable natural resources".²⁰

¹⁵Gordon W. Bertram, "Economic Growth and Canadian Industry, 1870-1915: The Staple Model and the 'Take-Off Hypothesis'", Canadian Journal of Economics and Political Science, Vol. XXIX, May 1963, pp. 162-184; "The Relevance of the Wheat Boom in Canadian Economic Growth", Canadian Journal of Economics, Vol. VI, November 1973; "Historical Statistics on Growth and Structure in Manufacturing in Canada, 1879-1957", with discussion by E.J. Chambers, Canadian Political Science Association, Conference on Statistics, 1962 and 1963, pp. 93-151.

¹⁶Richard E. Caves, "'Vent for Surplus' Models of Trade and Growth", in Trade, Growth and the Balance of Payments: Essays in Honour of Gottfried Haberler, Chicago: Rand McNally, 1965; "Export-Led Growth and the New Economic History", in J.N. Bhagwati et al (eds.), Trade, Balance of Payments and Growth: Papers in Economics in Honour of Charles P. Kindleberger, Amsterdam: North Holland, 1971.

¹⁷Edward J. Chambers and D.F. Gordon, "Primary Products and Economic Growth: An Empirical Measurement", Journal of Political Economy, Vol. LXXIV, 1966, pp. 315-332. See also J.H. Dales, J.C. McManus and M.H. Watkins, "Primary Products and Economic Growth: A Comment", Journal of Political Economy, Vol. LXXV, 1967, pp. 876-885; Edward Vickery, "Exports and North American Economic Growth: 'Structuralist' and 'Staple' Models in Historical Perspective", Canadian Journal of Economics, Vol. VII, February 1974, pp. 32-58.

¹⁸M.H. Watkins, "The Staple Theory Revisited", Journal of Canadian Studies, Vol. 12, No. 5, Winter 1977, pp. 83-95.

¹⁹R.F. Neill, "The Passing of Canadian Economic History", Journal of Canadian Studies, Vol. 12, No. 5, Winter 1977, pp. 73-82.

²⁰Economic Council of Canada, op. cit., p. 24.

Since their approach to the staple theory is limited to finding politically acceptable means of "managing" Canadian capitalism, it follows that the critical implications or anti-imperialist element in certain approaches to the staple theory are avoided. Thus, for example, the Economic Council is able to conclude that:

If these views [that a region's prosperity depends on the continued availability of marketable resources] are correct and if it is not acceptable for a declining region to lose its population, then the only remedy is to subsidize the production of other goods or services that are readily marketable outside the region or that can be substituted for something previously imported. Manufacturing--especially of the type involving processing of the remaining domestic resources--is the favorite choice. . . . If some kind of subsidy is needed in a region, it is a sign that private enterprise considers it to be an inefficient place to locate a plant. Subsidies may be acceptable from a social point of view, however . . .

All in all, the staple theory is a gloomy one . . .²¹

Once again, one is faced with a situation where a particular approach to the staple theory (à la Mackintosh) is harnessed to a fundamentally neo-classical perspective and almost voided of critical content.

The other four approaches mentioned by the Economic Council are even more directly confined by the neoclassical tradition. As far as the development approach is concerned, it is suggested that the usefulness of the theory is confined to explaining income differences rather than employment or population growth. In distinguishing the development approach from the staples approach, the Economic Council reveals again the narrowness of their interpretation of the staples approach:

While the key elements in the staples theory have not been ignored by development economists, at-

²¹ Economic Council of Canada, op. cit., p. 24.

tention has also been directed to many other factors, including capital accumulation, infrastructure, education and human capital, the level of technology, agricultural modernization, social structure, and attitudes, all of which help to determine productivity and to explain levels of production and income per person.²²

Though the effective scope of items mentioned as receiving attention can be questioned, it is equally significant that the staple theory is viewed as not attending to such matters as technology, agricultural modernization, and infrastructure. Speaking charitably, it is evident that the Economic Council has hardly considered substantial parts of the work of Innis or Fowke, for instance. Furthermore, in their effort to sidestep the analogy between regions of Canada and underdeveloped countries, the Council can more easily avoid the problems of imperialism and the legacy of colonialism, especially the revealing issue of the position of aboriginal peoples.

In general, the narrow neoclassical view of the development approach, as with the other above approaches, is limited to measuring functional relationships between roughly defined but quantifiable variables. While such an approach may provide some useful material for their advisory or managerial capacity, it is at best a narrow empiricist description and not an adequate explanation of economic development.

The neoclassical approach, according to the Economic Council, does not offer a theory of regional development as such, but provides "several standard methods" of analyzing regional problems:

It emphasizes the importance of flexibility in prices and wages, the mobility of labour and capital, and the capacity of market forces to solve regional problems when they are allowed to work unhindered. The immediate cause of regional problems is commonly diagnosed as market failure,

²²Ibid., p. 25.

brought on sometimes by circumstances and sometimes by the actions of policy-makers. The advocated cure is to create a situation in which markets can work better or to leave well enough alone and let market forces bring about a solution.²³

Of course, in its methodology as well as its solutions, the approach accepts the framework of the market mechanism as a given in a given "institutional environment". The main regional problems are viewed as problems of "adjustment" to market forces with the state as neutral arbiter. Within a narrowly defined "institutional environment" in the "short-run", the approach may offer some helpful descriptions of market phenomena. But with regard to the "long-run", especially the active and determining role of social relations in the origin, development, and demise of markets, the neoclassical approach is inadequate for explanation. Even the Economic Council observes that "while it is useful to know that properly functioning relative prices and free mobility of factors may be helpful in curing a regions's problems, it is more useful to know why some regions' problems persist so long, despite equilibrating forces."²⁴

The Keynesian approach, while based on essentially neoclassical premises, has a stronger sense of "market failure" in the capitalist system. Following the major crises of mass unemployment in the 1920s and 1930s, the Keynesian approach recognized that capitalism did not tend towards "full employment equilibrium", or at least there were unacceptably long delays in adjusting to full employment. Hence, state intervention was viewed as necessary to achieve full employment and stable growth, in particular, through the "management" of aggregate demand. Concern with

²³Ibid., p. 26.

²⁴Ibid., p. 27.

regional disparities, notably in employment, and the formation of government agencies such as the Department of Regional Economic Expansion (1969) have led to consideration of the spatial dispersion and regional impacts of demand management. However, questions such as "how large or isolated a region must be for aggregate demand measures to be effective"²⁵ are essentially matters of "management" and do not in themselves explain regional development. As mentioned with the neoclassical approach, the long-term persistence of regional problems, in this case, despite attempts at demand management, suggests that deficient (regional) aggregate demand and related Keynesian positions are not adequate as explanations--or as cures.

The regional science approach, which the Economic Council considers as "easily the most comprehensive approach to regional problems"²⁶, was closely associated with a resurgence of interest in location theory, a product of neoclassical microeconomics, especially the theory of the firm, and geography. Nonetheless, the Council mentions a series of shortcomings in this approach as well.²⁷ Understandably, the Council decides that "No simple economic theory can explain regional disparities because no clear consensus exists among economists concerning the proper theoretical approach to this question."²⁸

While the term "regional science" has existed for many decades²⁹,

²⁵Ibid., p. 28.

²⁶Ibid., p. 28.

²⁷Ibid., p. 29.

²⁸Ibid., p. 29.

²⁹For a useful history of "theories of regional self-balance" see Stuart Holland, Capital Versus the Regions, London and Basingstoke: Macmillan Press, 1976, Chapter 1.

the present growing interest in regional science in North America (and Europe) has some interesting historical parallels. In particular, one can observe a noticeable growth in "scientific" theories of settlement and location in periods of crisis when the unevenness of capitalist development is exacerbated and "metropolis-hinterland" struggles are sharpened. In the 1820s, Robert Gurlay proposed a "science" of colonization.³⁰ Gurlay's work had a considerable influence on Edward Gibbon Wakefield, who was one of the leading English "colonial reformers" (together with such figures as Lord Durham), and who wrote part of the post-1837 rebellion Durham Report.³¹ In the late 1920s and 1930s, when the accumulated problems of frontier settlement were receiving greater attention, Bowman's notion of a "science of settlement" gained considerable following. Now, during the last decade, in the wake of another major expansion and crisis, there has been the resurgence of "regional science".

'Regional Economics'

The growth of "regional science" and, more generally, "regional economics" has been widely recognized as a response to the intractable problem of uneven development under capitalism or, as it is usually posed, "regional disparities" or "regional inequalities". T.N. Brewis has suggested that:

³⁰See Craufurd D.W. Goodwin, Canadian Economic Thought: The Political Economy of a Developing Nation, Durham, N.C.: Duke University Press, 1961, Chapter 1; Robert Gurlay, Statistical Account of Upper Canada, abridged and with an Introduction by S.R. Mealing, Toronto: McClelland and Stewart, 1974 (first edition, 1822).

³¹For some of Wakefield's writing on Canada see E.G. Wakefield, England and America: A Comparison of the Social and Political State of Both Nations, New York: Augustus M. Kelley, Publishers, 1967 (first printed, 1834). For Marx's comments on Wakefield's views see K. Marx, Capital, Vol. I, Chapter 33.

Among the factors contributing to this expanded interest in regional problems has been a growing discontent with the magnitude of the differences in income and employment opportunity which exist not only between countries but also between various regions of the same country. In the less developed regions especially there is often a wide gap between the growth of a few industrialized urban centres and the stagnation of rural areas, and if not redressed the disparity that results can be a potent cause of political unrest. Though likely to be less extreme, regional differences in prosperity within advanced industrial countries are also a source of concern, and most countries have introduced policies to modify spatial economic patterns. Canada is no exception.³²

In the Canadian context, this problem is underlined by the fact that such indicators of regional inequality as income have remained relatively constant over long periods of time. For instance, Brewis cites a study showing that in the period 1926 to 1964 there has been little change and that the relative ranking among regions remains roughly the same: "The relatively prosperous regions have remained prosperous, and the poor have remained poor."³³ Recent major changes in the terms of trade for some important resource commodities (such as oil) may have altered the picture to a degree, but the fundamental problem of uneven development remains.

The persistence of "regional problems" has also threatened the established theoretical orthodoxy. According to Stuart Holland:

The combination of Keynesian and neo-classical theory has increasingly been challenged by the stubbornness of regional problems in the mature capitalist economies. It has become clear that the causes of regional inequality are deeper than the superficial analysis of frictions and imperfections in neo-

³²T.N. Brewis, Regional Economic Policies in Canada, with an appendix by T.K. Rymes, Toronto: Macmillan Company of Canada, 1969, p. 1.

³³*Ibid.*, p. 24. Brewis suggests that this evidence does not support Kuznets's view that "income inequality widens in the early and middle stages of development and then narrows as the economy approaches maturity". (p. 24.)

classical self-balance models would have us believe. It is also plain that indirect state intervention in growth-pole centres does not reverse the cumulative imbalance in Myrdalian or Perrouxist models of regional growth.³⁴

Holland also proffers an explanation of the staying power of the neo-classical theories of "regional self-balance":

The hold of this theory was powerful partly because of its abstraction from social or regional inequality. In due course the divorce from reality became more complete. The neo-classical theory of location became increasingly unreal as imbalanced capitalist development left a trail of wrecked regions and problem areas which, according to the theory, should never have occurred. Yet, as with societies and cultures faced with a changing situation for which they could not account, neo-classical theory adapted by an extension of the premises which its own founders had not taken as more than a tool of analysis or a theoretical device. Schools of regional analysis arose where technique had tended to become an end in itself, and where the limits of technique had inhibited both theory and analysis.³⁵

There have been several other discussions of the roots and scope of "regional economics" which illustrate its generally neoclassical origins as well as the development of some differentiation in approaches.³⁶ In a 1963 review article, Myers suggested that the theoretical roots were largely "'borrowings' of developments in general economics that occurred during the 1940s and can be listed under four headings: (1) a revitalization of location theory, particularly as contained in Losch's work . . . ;

³⁴Stuart Holland, op. cit., p. v.

³⁵Ibid., pp. 1-2.

³⁶See, for example, some writings of Harry W. Richardson, Elements of Regional Economics, Harmondsworth, England: Penguin, 1969; Regional Economics: A Reader, London and Basingstoke: Macmillan, 1970, especially the Introduction, pp. 1-31; Regional Economics: Location Theory, Urban Structure and Regional Change, London: Weidenfeld and Nicolson, 1969, especially Chapter 1.

(2) international and interregional multiplier theory as illustrated by the work of Metzler, Goodwin, Chipman and others; (3) Leontief interindustry input-output analysis; and (4) mathematical programming."³⁷

Within the growing corpus of work in regional economics, there is at least one trend which reflects some of the early metropolis-hinterland approach, that is, the theory of "growth poles", which Holland characterizes as another "theory of regional imbalance". In a 1955 article, "Note sur la notion de pole de croissance", Francois Perroux argued that analysis should "concentrate on the process by which various activities appear, grow in importance, and in some cases disappear."³⁸ He observed that the spatial distribution of economic activity does tend towards a long-term equilibrium, but that concentration occurs in some areas at the expense of others. Like a magnetic pole, these growth areas attract factors of production and trade to their areas, away from others--hence, the process of "polarization". Perroux advocated the solution to regional imbalance was for the state to establish counter-poles in less-developed regions, thus 'harnessing' the process of polarization through the operation of market forces to the advantage of the less-developed regions.³⁹

Perroux gave a prominent role to entrepreneurial innovation as a dominant factor in explaining the dynamism of growth poles. "Agglomeration effects" such as in economics of scale, size of market, and reduction of transportation costs, were seen as the main economic advantages of

³⁷ John R. Myers, "Regional Economics: A Survey", pp. 29-30.

³⁸ Niles M. Hansen, "Preface", in N.M. Hansen (ed.), Growth Centers in Regional Economic Development, New York: Free Press, 1972, p. ix.

³⁹ Stuart Holland, op. cit., pp. 49-50.

growth centres. The "growth pole" was actually defined as "a set of expanding industries located in an urban area and inducing further development of economic activity throughout its zone of influence."⁴⁰ The main factor in expansion is "propulsive" industries which form the nucleus of the growth pole. These industries have specific characteristics such as a high degree of concentration, high income elasticity of demand for their products which generally are sold in national (or international) markets, marked multiplier effects (probably from drawing their inputs within the region), relatively advanced technological and managerial expertise which through force of example is diffused into other sectors of the region.⁴¹

Howard Gauthier has argued that the growth pole theory of Perroux was a view of the role of leading sectors rather than a theory of location as such:

Perroux's notion that growth does not appear simultaneously everywhere, but in a limited number of poles which transmit impulses of growth to the rest of the economy, has no spatial connotations. His growth pole corresponds to a dynamic sector in the economy which is often equated to a propulsive industry that exerts dominance through its forward and backward linkages over other manufacturing sectors of the regional economy. The inter-relationships that exist between firms are considered exclusively in an abstract and functional space. This economic space is defined without reference to a geographic space. Thus, a development pole is not equivalent to an industrial zone, or some other geographically concentrated phenomenon. It offers no explanation for the location of a propulsive industry in geographic space, nor of the consequences of a pole's having a location in geographic space. It is not surprising that most of the French literature on growth poles is devoid of geographical

⁴⁰ Harry W. Richardson, Elements of Regional Economics, p. 104.

⁴¹ *Ibid.*, p. 104.

references. Most of the studies have attempted to examine interindustry linkages, to rank industries by their degree of independence, and to show that some sectors have a very high combined linkage impact and presumably exert a polarizing influence on the economy.⁴²

The "growth poles" theory⁴³ bears a close resemblance to aspects of the metropolis-hinterland approach and the implications of a relationship of dominance and subordination, although imprecisely. There has been some discussion in this direction,⁴⁴ but, as will be elaborated later, such a notion as "polarization" is hardly a clear substitute for the full analysis of dominance and "exploitation". Similarly, one can note a resemblance with the staple theory, especially insofar as the "propulsive" industries are resource industries dependent on markets external to the region. However, similar criticisms as that noted above also apply. Furthermore, there is no adequate historical explanation as to the origin of "growth poles" or as to why certain centres initially become "growth poles", especially in pre-capitalist or non-market economies.⁴⁵

⁴²Howard L. Gauthier, "Economic Growth and Growth Poles: A Search for Geographic Theory?", International Geographical Union, Proceedings of the Commission on Regional Aspects of Development, Vol. II, "Spatial Aspects of the Development Process", London, Ontario, 1972, pp. 21-22.

⁴³In Canada, Gilles Paquet has used "growth poles" theory. See "Some Views on the Pattern of Canadian Economic Development" in T.N. Brewis (ed.), Growth in the Canadian Economy, Toronto: McClelland and Stewart, 1968, pp. 34-64.

⁴⁴See, for instance, Richard L. Morrill, "Growth Center-Hinterland Relations", International Geographical Union, op. cit., Vol. II, pp. 215-242.

⁴⁵For other criticisms of the "growth poles" approach see Stuart Holland, op. cit., pp. 50-54.

A Neglected Approach

The one major approach receiving some attention by Holland but by few other writers in "regional economics" (or by the Economic Council of Canada) is the Marxist approach.⁴⁶ In Marx's analysis of capitalist development, the spatial concentration of production in particular centres and regions followed from the concentration and centralization of means of production and not primarily from the location of raw materials and transport costs. The advance of production requires an ever increasing division of labour (specialization) in which the separation of town and country is the foundation,⁴⁷ and other specialized roles are played by particular urban areas and regions. The process of division of labour entered a new phase with the development of manufacture: "The territorial division of labour, which confines special branches of production to special districts of a country, acquires fresh impetus from the manufacturing system, which exploits every advantage."⁴⁸ But the Industrial Revolution and the emergence of "Modern Industry" (machinofacture as distinct from manufacture) gave an even greater impetus to capitalist expansion and the division of labour.

The growth of capitalism in industry opened up new markets on a world-wide scale, and created demands for wage-labour in the production of raw and processed products, in developing infrastructure, and in new fields of production. Thus, for a Marxist analysis, there is a "demand-

⁴⁶ Ibid., especially Chapter 2, on "Theories of Regional Imbalance".

⁴⁷ K. Marx, Capital, Vol. I, p. 352. Marx wrote that "The foundation of every division of labour that is well developed, and brought about by the exchange of commodities, is the separation between town and country."

⁴⁸ Ibid., p. 353.

pull" for wage-labour determined by the growth of capitalist industry, notably as formulated in Marx's "general law of capitalist accumulation."⁴⁹ However, the existence of a supply of wage-labour available to sell their labour-power has as its prerequisite the process of proletarianization, such as occurred during the English enclosure movement, especially before the Industrial Revolution. Given the unplanned character of capitalist production--"the anarchy of capitalist production"--there was not a necessary correlation between the expansion-crisis-collapse ("boom and bust") cycle of capitalist development and the inflow of wage-labour. Consequently, the general long-run tendency of capitalist production to substitute machines for labour (constant capital for variable capital), the continued ruination of small commodity producers as capital advances, and, to a lesser degree, the natural increase of population, create a "relative surplus population". The surplus working population constitutes an "industrial reserve army of labour" which plays a necessary part of the capitalist mode of production.

The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labour-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus-population is therefore the pivot upon which the law of supply and demand of labour works. It confines the field of action of this law within the limits absolutely convenient to the activity of exploitation and to the domination of capital.⁵⁰

Holland notes that Marx appreciated the role of urban agglomeration which brought scale-economy benefits, including further advances in the

⁴⁹See K. Marx, Capital, Vol.I, Chapter XXV.

⁵⁰Ibid., p. 639. Marx's distinguishing of five categories in the relative surplus population is discussed in S. Holland, op. cit., pp. 41-43.

division of labour. However, Marx also appreciated, unlike many later writers, that there were qualitative factors which had to be taken into account in considering (density of) agglomeration, particularly the development of communications:

Just as a certain number of simultaneously employed labourers are the material pre-requisites for the division of labour in manufacture, so are the number and density of the population, which here correspond to the agglomeration in one workshop, a necessary condition for the division of labour in society. Nevertheless, this density is more or less relative. A relatively thinly populated country, with well-developed means of communication, has a denser population than a more numerous country, with badly-developed means of communication; and in this sense the Northern States of the American Union, for instance, are more thickly populated than India.⁵¹

Also unlike later neoclassical writers, Marx opposed the view that there was a self-adjusting demand for labour in urban industry and supply of labour, largely from rural areas. As Holland notes, "Marx stressed (1) that rural labour outflow was accelerated involuntarily by a migration-push process, and (2) that urban inflow neither led to an assured long-term employment nor to a self-adjusting urban structure with equilibrated welfare effects for the immigrants."⁵²

After the Deluge

In Canada during the 1960s and 1970s, there was a major growth of interest in regional questions, including both the eastern as well as western regions. Most of the general writing, especially in economics, where

⁵¹Ibid., pp. 352-353.

⁵²Stuart Holland, op. cit., p. 39.

neoclassical approaches remained predominant, was generally conservative,⁵³ although there were clear signs that an increasing differentiation if not polarization of views was occurring.⁵⁴ Particular work on the western interior also proliferated. A substantial group of writings have emerged out of the Canadian Plains Research Center, formed in Regina

⁵³See, for example, C.D. Blyth, "A Century of Economic Growth", in Dominion Bureau of Statistics, Canada One Hundred, 1867-1967, Ottawa: Dominion Bureau of Statistics, n.d., pp. 317-328; Albert Breton, Discriminatory Government Policies in Federal Countries, Montreal: Canadian Trade Committee, Private Planning Association of Canada, 1967; Albert Breton and Anthony Scott, The Economic Constitution of Federal States, Toronto and Buffalo: University of Toronto Press, 1978; T.N. Brewis (ed.), Growth and the Canadian Economy, Toronto: McClelland and Stewart, 1968; T.N. Brewis, Regional Economic Policies in Canada, Toronto: Macmillan Company of Canada, 1969; Economic Council of Canada, Towards Sustained and Balanced Economic Growth, Second Annual Review, December 1965, Ottawa: Queen's Printer, 1965, especially Chapter 5; Economic Council of Canada, Living Together: A Study of Regional Disparities, Ottawa: Supply and Services Canada, 1977; Edward H. English (ed.), Regional and Adjustment Aspects of Trade Liberalization, Private Planning Association of Canada, Toronto: University of Toronto Press, 1973; Alan G. Green, Regional Aspects of Canada's Economic Growth, Toronto and Buffalo: University of Toronto Press, 1971; D.D. Husband, "National versus Regional Growth: Some Issues", Canadian Public Administration, Vol. 14, No. 4, Winter 1971, pp. 538-555; Ralph R. Krueger (ed.), Regional and Resource Planning in Canada, Toronto and Montreal: Holt, Rinehart and Winston of Canada, 1970 (first edition, 1963); Gilles Paquet, "Some Views on the Pattern of Canadian Economic Development", in T.N. Brewis, Growth and the Canadian Economy, pp. 34-64; Mason Wade (ed.), Regionalism in the Canadian Community, 1867-1967, Toronto: University of Toronto Press, 1969; W.D. Wood and R.S. Thoman (eds.), Areas of Economic Stress in Canada, Kingston: Queen's University Industrial Relations Centre, 1965.

⁵⁴Compare the above with, for example, Ossenberg, Richard J. (ed.), Canadian Society: Pluralism, Change, and Conflict, Scarborough: Prentice-Hall of Canada, 1971; David Jay Bercuson (ed.), Canada and the Burden of Unity, Toronto: Macmillan of Canada, 1977; Gregory Kealey, Ian McKay, and Nolan Reilly, "Canada's 'Eastern Question': A Reader's Guide to Regional Underdevelopment", Canadian Dimension, Vol. 13, No. 2, 1978, pp. 39-40; Leo Panitch (ed.), The Canadian State: Political Economy and Political Power, Toronto and Buffalo: University of Toronto Press, 1977; Paul Phillips, Regional Disparities: Why Ontario has so much and the others can't catch up?, Toronto: James Lorimer and Company, 1978; Michael Walker (ed.), Canadian Confederation at the Crossroads: The Search for a Federal-Provincial Balance, Vancouver: Fraser Institute, 1978; Mel Watkins (ed.), Dene Nation: the colony within, Toronto and Buffalo: University of Toronto Press, 1977.

during the early 1970s,⁵⁵ and the annual proceedings of the Western Canadian Studies Conference held at the University of Calgary since 1969.⁵⁶

Among economists, there has been a considerable range of positions with

⁵⁵See, especially, Richard Allan (ed.), A Region of the Mind: Interpreting the Western Canadian Plains (1973); R. Allen (ed.), Man and Nature on the Prairies (1976); B.Y. Card, The Expanding Relation: Sociology in Prairie Universities (1973); Prairie Forum, The Journal of the Canadian Plains Research Center, especially Vol. 1, No. 1, April 1976.

⁵⁶There have been seven volumes to date: D.P. Gagan (ed.), Prairie Perspectives: Papers of the Western Canadian Studies Conference, 1969, Toronto and Montreal: Holt, Rinehart and Winston, 1970; A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2: Selected Papers of the Western Canadian Studies Conferences, 1970, 1971, Toronto and Montreal: Holt, Rinehart and Winston, 1973; S.M. Trofimenkoff (ed.), The Twenties in Western Canada: Papers of the Western Canadian Studies Conference, March 1972, Ottawa: History Division, National Museum of Man, 1972; D.J. Bercuson (ed.), Western Perspectives 1: Papers of the Western Canadian Studies Conference, 1973, Toronto and Montreal: Holt, Rinehart and Winston, 1974; A.W. Rasporich (ed.), Western Canada: Past and Present, Calgary: McClelland and Stewart West, 1975; H. Palmer (ed.), The Settlement of the West, Calgary: Comprint Publishing, 1977; H.C. Klassen (ed.), The Canadian West: Social Change and Economic Development, Calgary: Comprint Publishing, 1977.

Ken H. Norrie⁵⁷, Paul Phillips⁵⁸, and Jack C. Stabler⁵⁹ being among the more prominent of a growing number who have written on regional development in the western interior.⁶⁰ There has been an even larger growth

⁵⁷K.H. Norrie, "Agricultural Implement Tariffs, the National Policy, and Income Distribution in the Wheat Economy", Canadian Journal of Economics, Vol. 7, 1974, pp. 449-462; "The Rate of Settlement of the Canadian Prairies, 1870-1911", Journal of Economic History, Vol. 35, 1975, pp. 410-427; "Some Comments on Prairie Economic Alienation", Canadian Public Policy, Vol. 2, 1976, pp. 211-224; "The National Policy and Prairie Economic Discrimination, 1870-1930", in D.H. Akenson (ed.), Canadian Papers in Rural History, Gananoque, Ont.: Langdale Press, 1978, pp. 13-32; "Regional Economic Conflicts in Canada: Their Significance for an Industrial Strategy", in Science Council of Canada, The Politics of an Industrial Strategy, Ottawa: Minister of Supply and Services, 1979, pp. 55-88.

⁵⁸Paul Phillips, "The National Policy and the Development of the Western Canadian Labour Movement", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, pp. 41-62; "National Policy, Continental Economics, and National Disintegration", in D.J. Bercuson (ed.), Canada and the Burden of Unity, pp. 19-43.

⁵⁹Jack C. Stabler, Prairie Regional Development and Prospects, Supporting Study No. 1, prepared for the Royal Commission on Consumer Problems and Inflation, 1968(?); "Factors Affecting Development of a New Region: The Canadian Great Plains, 1870-1897", The Annals of Regional Science, Vol. VII, No. 1, June 1973, pp. 75-87; "The Future of Small Prairie Communities", Contact: Journal of Urban and Environmental Affairs, Vol. 9, No. 1, 1974, pp. 145-173. Stabler is now active mainly in the business of private economic consulting.

⁶⁰W.J. Blackman, The Cost of Confederation: An Analysis of Costs to Alberta, Calgary: Independent Alberta Association, 1974; W.J. Blackman, "A Western Canadian Perspective on the Economics of Confederation", Canadian Public Policy, Vol. III, No. 4, Autumn 1977, pp. 414-430. Walter Gainer, "Western Disenchantment and the Canadian Federation", in H. Edwin English (ed.), Canada-United States Relations, New York: Praeger Publishers, 1976, pp. 40-52; E.J. Hanson, "The Economic Prospects of Western Canada", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, pp. 245-259; E.J. Hanson, "The future of western Canada: economic, social and political", Canadian Public Administration, Vol. 18, No. 1, Spring 1975, pp. 104-120; Russell Pendergast, "The National Policy and the West", in J. Barr and O. Anderson (eds.), The Unfinished Revolt: Some Views on Western Independence, Toronto: McClelland and Stewart, 1971, pp. 93-104; J.D. Wahn, "Select Transportation Problems and Industrial Development in Western Canada", Centre for Transportation Studies, University of Manitoba, Proceedings of the Seminar Series on Transportation, 1973-1974, Vol. 7, pp. 25-61.

of historical writing on Alberta and the western interior. In addition to the aforementioned Western Studies Conferences and Plains Study Centre, the Alberta Historical Review (1953-1975) which was superceded by Alberta History (1975 -) has much useful material, although with little explicit treatment of theory or general approaches.⁶¹ The main resurgence of material by historians and political scientists has taken place since 1969⁶², and included some writings of a more popular

⁶¹Some related journals and sources are listed in Alan F. Artibise, Western Canada Since 1870: A Select Bibliography and Guide, Vancouver: University of British Columbia Press, 1978, pp. 253-254.

⁶²Among the many writings are: Alan F. Artibise, Western Canada Since 1870: A Select Bibliography and Guide; David J. Bercuson, "Labour Radicalism and the Western Industrial Frontier, 1897-1919", Canadian Historical Review, Vol. 58, 1977, pp. 181-196; D.J. Bercuson, Fools and Wise Men: The Rise and Fall of the One Big Union, Toronto: McGraw-Hill Ryerson, 1978; Carl Berger and Ramsay Cook (eds.), The West and the Nation: Essays in Honour of W.L. Morton, Toronto: McClelland and Stewart, 1976; D.H. Breen, "The Canadian West and the Harmonious Settlement Interpretation", Agricultural History, Vol. 47, 1973, pp. 63-75; D.H. Breen, "The Turner Thesis and the Canadian West: A Closer Look at the Ranching Frontier", in L.H. Thomas (ed.), Essays on Western History, Edmonton: University of Alberta Press, 1976, pp. 147-158; Gerald Friesen, "The Western Canadian Identity", Canadian Historical Association, Historical Papers, 1973, pp. 3-20; Michael Horn, The Dirty Thirties: Canadians in the Great Depression, Toronto: Copp Clark Publishing Company, 1972; F. Jankunis (ed.), Southern Alberta: A Regional Perspective, Lethbridge: University of Lethbridge, 1972; Wallace C. Koehler, Jr., "The Impact of Canadian Energy Policy on Changing Federal Provincial Relations: Competition and Conflict between Alberta and Ottawa", The American Review of Canadian Studies, Vol. VII, No. 1, Spring 1977, pp. 1-32; A.R. McCormick and Ian MacPherson (eds.), Cities in the West: Papers of the Western Canada Urban History Conference, Ottawa: National Museum of Man, History Division, 1975; A.R. McCormack, Reformers, Rebels, and Revolutionaries: The Western Canadian Radical Movement, 1899-1919, Toronto and Buffalo: University of Toronto Press, 1977; A.W. Rasporich and H.C. Klassen (eds.), Frontier Calgary: Town, City and Region, 1875-1914, Calgary: McClelland and Stewart West, 1975; T.D. Regehr, The Canadian Northern Railway: Pioneer Road of the Northern Prairies, 1895-1918, Toronto: Macmillan of Canada, 1976; T.D. Regehr, "The Canadian Northern Railway: The West's Own Product", Canadian Historical Review, Vol. LI, No. 2, June 1970, pp. 177-186; Richard Simeon and David J. Elleins, "Regional Political Cultures in Canada", Canadian Journal of Political Science, Vol. VII, No. 3, September 1974, pp. 397-437; David E. Smith, "A Comparison of Prairie Political Development in Saskatchewan and Alberta", Journal of Canadian Studies,

character.⁶³ One can observe a major growth of work in social history and, notably, a new interest in labour history and prairie radicalism.

Vol. IV, No. 1, February 1969, pp. 17-25; Donald Swainson (ed.), Historical Essays on the Prairie Provinces, Toronto: McClelland and Stewart, 1970; Lewis G. Thomas, "Associations and Communications", Presidential Address, Canadian Historical Association, Historical Papers, 1973, pp. 1-13; L.G. Thomas (general ed.), The Prairie West to 1905: A Canadian Sourcebook, Toronto: Oxford University Press, 1975; Lewis H. Thomas, The North-West Territories, 1870-1905, Toronto: Oxford University Press, 1975; Lewis G. Thomas, The North-West Territories, 1870-1905, Historical Booklet No. 26, Ottawa: Canadian Historical Association, 1970; L.G. Thomas (ed.), Essays on Western History in Honour of Lewis Gwynne Thomas, Edmonton: University of Alberta Press, 1976; John Herd Thompson, The Harvests of War: The Prairie West, 1914-1918, Toronto: McClelland and Stewart, 1978; Paul Voisey, "The Urbanization of the Canadian Prairies, 1871-1916", Social History, Vol. 8, 1975, pp. 77-101.

⁶³ See, for example, John Barr and Owen Anderson (eds.), The Unfinished Revolt: Some Views on Western Independence, Toronto, McClelland and Stewart, 1971; Pierre Berton, The National Dream: The Great Railway, 1871-1881, Toronto: McClelland and Stewart, 1970, and The Last Spike: The Great Railway, 1881-1885, 1971; Pierre Berton, Klondike: The Last Great Gold Rush, 1896-1899, Toronto: McClelland and Stewart; Tony Cashman, Singing Wires: The Telephone in Alberta, Edmonton: Alberta Government Telephones, 1972; Hugh Dempsey (ed.), Men in Scarlet, Calgary: Historical Society of Alberta and McClelland and Stewart West, 1974; H. Dempsey, Indian Tribes of Alberta, Calgary: Glenbow Alberta Institute, 1978; David K. Elton (ed.), One Prairie Province?, Proceedings of a National Conference to Study the Feasibility of One Prairie Province, May 1970, Lethbridge: University of Lethbridge and the Lethbridge Herald, 1970; Earle Gray, The Great Canadian Oil Patch, Toronto: Macmillan-Hunter, 1970; James H. Gray, Booze: The Impact of Whisky on the Prairie West, Toronto: Macmillan of Canada, 1972; J.H. Gray, The Winter Years: The Depression on the Prairies, Toronto: Macmillan of Canada, 1976 (first edition, 1966); Grant McEwan, The Battle for the Bay: The Story of the Hudson Bay Railroad, Saskatoon: Western Producer Prairie Books, 1975; James G. MacGregor, A History of Alberta, Edmonton: Hurtig Publishers, 1972.

Several geographers⁶⁴, particularly John Warkentin⁶⁵, and sociologists⁶⁶, particularly B.Y. Card⁶⁷, have also focused attention on prairie and Alberta development.

⁶⁴R. Lewis Gentilcore (ed.), Canada's Changing Geography: A Selection of Readings, Scarborough: Prentice-Hall of Canada, 1967; R.G. Ironside, V.B. Proudfoot, E.N. Shannon and C.J. Tracie (eds.), Frontier Settlement, Edmonton: Department of Geography, University of Alberta, 1974; Karl Lenz, "Large Urban Places in the Prairie Provinces: Their Development and Location", in R.L. Gentilcore (ed.), Canada's Changing Geography, pp. 199-211; Michael D. Ray, Dimensions of Canadian Regionalism, Geographical Paper No. 99, Ottawa: Department of Energy, Mines and Resources, 1969; P.J. Smith (ed.), The Prairie Provinces, Toronto and Buffalo: University of Toronto Press, 1972.

⁶⁵John Warkentin (ed.), The Western Interior of Canada: A Record of Geographical Discovery, 1612-1917, Toronto: McClelland and Stewart, 1964; John Warkentin (ed.), Canada: A Geographical Interpretation, Toronto: Methuen Publications, 1968.

⁶⁶R.G. McIntosh and J.E. Housego (eds.), Urbanization and Urban Life in Alberta, Edmonton: Alberta Human Resources Council, 1970; E.L. Snider and G. Kupfer, Urbanization in Alberta: A Sociological Perspective, Population Reprints No. 9, Edmonton: University of Alberta, 1974; Carle C. Zimmerman and G.W. Moneo, The Prairie Community System, Agricultural Economics Research Council of Canada, 1971.

⁶⁷Brigham Young Card, The Canadian Prairie Provinces from 1870 to 1950: A Sociological Introduction, Toronto: Dent, 1960; B.Y. Card (ed.), Perspectives on Regions and Regionalism and Other Papers, Proceedings of the Tenth Annual Meeting of the Western Canadian Association of Sociology and Anthropology, Banff, 1968; B.Y. Card (ed.), The Expanding Relation: Sociology in Prairie Universities, Canadian Plains Studies, Occasional Paper No. 1, Regina: Canadian Plains Studies Center, 1973.

In the 1970s, a significant "left-leaning" trend also emerged in academic material on regional development and history. This was partly reflected in some "mainstream" writing which employed traditional approaches and techniques but tended towards raising deeper economic and social questions and towards positions increasingly at variance with the dominant trend of capitalist development in Canada. However, there also emerged a group of writing with more directly critical positions which utilized more or less explicit class analysis. While questions of class and the determining character of socio-economic power in economic development have often been given a peripheral role in "mainstream" writing, the appearance of a more realistic and left-leaning group of writings is distinguished by the shifting of class analysis from a peripheral towards a central position in debates on Prairie development.

To date one can distinguish several aspects in the latter trend. The so-called "new political economy" shows the growing influence of Marxist analysis, although by no means is most of the material Marxist in a precise sense. Several articles with a theoretical orientation have been written on the role of the state, especially the federal character of the Canadian state, and attempt to treat the class character of the state and uneven regional development.⁶⁸ Another group has focused more

⁶⁸Wallace Clement, "A Political Economy of Regionalism in Canada", in D. Glenday, H. Guindon and A. Turowetz (eds.), Modernization and the Canadian State, Toronto: Macmillan of Canada, 1978, pp. 89-110; Carl J. Cuneo, "A Class Perspective on Regionalism", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 132-156; Leo Panitch, "The Role and Nature of the Canadian State", in L. Panitch (ed.), op. cit., pp. 3-27; Garth Stevenson, "Federalism and the Political Economy of the Canadian State", in L. Panitch (ed.), op. cit., pp. 71-100.

directly on the western interior, particularly Alberta, raising important questions about the particular and changing class structure of Alberta and the prairies.⁶⁹ A major contribution has been made to the discussion of colonialism and imperialism in Canada through the study of the Native Peoples and their position in the process of development.⁷⁰ The realities of

⁶⁹Larry Pratt, Robert Davis, Mark Zannis and Irwin Block, "Thinking the Unthinkable About the Tar Sands", in R. Chodos and R. Murphy (eds.), Let Us Prey, Toronto: James Lorimer and Company, 1974, pp. 108-120; Larry Pratt, The Tar Sands: Syncrude and the Politics of Oil, Edmonton: Hurtig Publishers, 1976; Larry Pratt, "The State and Province Building", in L. Panitch (ed.), The Canadian State, pp. 133-162; Larry Pratt and John Richards, "Oil and Social Class in Alberta: The Bourgeoisie Take Power", Canadian Forum, October-November 1978, pp. 6-11; Larry Pratt and John Richards, Prairie Capitalism, Toronto: McClelland and Stewart, 1979; Edward H. Shaffer, "The Employment Impact of Oil and Natural Gas in Alberta, 1961-1970", paper presented to the Pacific Northwest Regional Economic Association, Victoria, May 7, 1976; E.H. Shaffer, "Class and Oil in Alberta", in Oil and Class Struggle, London ZED Press, 1979; John O. Thompson, "Re-Appropriating the Culture of the West", in J. Barr and O. Anderson (eds.), The Unfinished Revolt: Some Views on Western Independence, Toronto: McClelland and Stewart, 1971, pp. 77-92.

⁷⁰Ronald Cohen, "Modernism and the Hinterland: The Canadian Example", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 157-185; Donald Colburne and Norman Zlotkin, "Internal Canadian Imperialism and the Native Peoples", in Craig Heron (ed.), Imperialism, Nationalism, and Canada, Toronto: New Hogtown Press, 1977, pp. 108-141; Arthur K. Davis, "Urban Indians in Western Canada: Implications for Social Theory and Social Policy", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, pp. 217-228; Douglas E. Sanders, "Native People in Areas on Internal National Expansion", Saskatchewan Law Review, Vol. 38, 1973-74, pp. 63-87; D.E. Sanders, "Indian Hunting and Fishing Rights", Saskatchewan Law Review, Vol. 38, 1973-74, pp. 45-62; Mel Watkins (ed.), Dene Nation: the colony within.

class and class struggle are also ever apparent in a growing number of historical writings on labour and on the "national question" in Alberta and prairie development.⁷¹

Among the group of writings increasingly critical of capitalist development in the prairie region, one can see the presence of an approach sometimes characterized as "dependency theory".⁷² This approach is, in

⁷¹Anthony Bilecki, William Repka and Mitch Sago (eds.), Friends in Need: The WBA Story, An Epic in Canadian Fraternalism, Winnipeg: Workers Benevolent Association of Canada, 1972; Warren Caragata, History of Labour in Alberta, Toronto: James Lorimer and Company, 1979; Myrna Kostash, All of Baba's Children, Edmonton: Hurtig Publishers, 1977; Ronald Liversedge, Recollections of the On to Ottawa Trek, edited by V. Hoar, Toronto: McClelland and Stewart, 1973; Tom MacEwen, The Forge Glows Red: From Blacksmith to Revolutionary, Toronto: Progress Books, 1974; A.M. Mardiros, William Irvine: The Life of a Prairie Radical, Toronto: James Lorimer and Company, 1979; Martin Robin, Radical Politics and Canadian Labour, 1890-1930, Kingston: Queen's University Industrial Relations Centre, 1968; Helen Potrebenco, No Streets of Gold: A Social History of Ukrainians in Alberta, Vancouver: New Star Books, 1977; Allan Seager, "The Pass Strike of 1932", Alberta History, Vol. 25, Winter 1977, pp. 1-11; John Herd Thompson and Allan Seager, "Workers, Growers and Monopolists: The 'Labour Problem' in the Alberta Sugar Beet Industry During the 1930s", Labour, Vol. 3, 1978, pp. 153-174; Anne B. Woywitka, "Strike at Waterways", Alberta Historical Review, Autumn 1972, pp. 1-5; A.B. Woywitka, "Drumheller Strike in 1919", Alberta Historical Review, Vol. 21, Winter 1973, pp. 1-7; A.B. Woywitka, "Recollections of a Union Man", Alberta History, Vol. 23, August 1975, pp. 6-20.

⁷²Kenneth Campbell, "Regional Disparity and Interregional Exchange Imbalance", in D. Glenday et al (eds.), Modernization and the Canadian State, pp. 111-131; Harold Chorney, "Regional Underdevelopment and Cultural Decay", in Craig Heron (ed.), Imperialism, Nationalism and Canada, Toronto: New Hogtown Press, 1977, pp. 108-141; A.K. Davis, "Canadian Society and History as Hinterland Versus Metropolis", in R.J. Ossenberg (ed.), Canadian Society: Pluralism, Change and Conflict, Scarborough: Prentice-Hall of Canada, 1971, pp. 6-32; Paul Phillips, "The National Policy and the Development of the Western Canadian Labour Movement", in A.W. Rasporich and H.C. Klassen (eds.), Prairie Perspectives 2, pp. 41-62; P. Phillips, "National Policy, Continental Economics and National Disintegration", in D.J. Bercuson (ed.), Canada and the Burden of Unity, pp. 19-43; P. Phillips, Regional Disparities: Why Ontario has so much and the others can't catch up, Toronto: James Lorimer and Company, Publishers, 1978.

actually used the term "exploitation". .A.R.M. Lower raised the concept of an "area of exploitation". Several less academically 'respectable' writers such as Gustavus Myers, and numerous farmer and labour organizations and political parties have emphasized this feature of capitalist development. These and other writers have also used related terms and notions to express similar meanings, several of which have been referred to in these first three chapters.

On the other hand, there have been several writers, perhaps a majority, who have tended, if not consciously tried, to avoid or obscure any such notion of exploitation. This is especially true among economists who adhere more conservatively to the neoclassical framework, such as W.A. Mackintosh; however, by no means all economists who generally accept the tradition of economic liberalism have taken this narrow approach, witness H.A. Innis. Historians from the conservative tradition, such as D.G. Creighton, have also avoided the concept, particularly with respect to British or Anglo-Canadian imperialism but appear less reticent to do so when dealing with the rise of U.S. imperialism.

The conclusion of this thesis is that the question of exploitation is not a "side issue" but a fundamental and unavoidable issue facing approaches to Prairie and Alberta development. As I have tried to show, the theme of 'exploitation' or one of its variations has had a long-standing and significant place even in many established academic writings. Moreover, since the later 1960s the theme appears to be returning ever more strongly although not in every case with much greater clarity. Of course, it can be said, has been said,⁷³ and no doubt will continue to be said,

⁷³Paul A. Samuelson, for example, tried to make the facile point in his Economics, p. 497.

that the fact that the theme of exploitation and its related concepts have existed does not imply that exploitation has existed. Certainly, while apprehension of exploitation, which is probably as old as the existence of class society itself, is not necessarily the comprehension of exploitation, such experience is a substantial evidence that deserves neither to be ignored nor casually brushed aside. Furthermore, the theoretical treatment of this question, of which certain aspects will be discussed in the next chapter, has a long if turbulent past in the history of economic thought itself, a history which the neoclassical economics of contemporary capitalism does not generally seem inclined to appreciate, despite the fact that some of its own roots lie there.

Chapter Four

Approaches to Exploitation

Yes, as through this world I ramble,
I see lots of funny men,
Some will rob you with a six gun, and
some with a fountain pen.
But as through your life you'll travel,
wherever you may roam,
You won't never see an Outlaw drive
a family from their home.

Woody Guthrie (1930s)

Throughout much of the foregoing academic writing on the development of capitalism in Alberta and the western interior, the problem of "exploitation" has been an underlying if not explicit issue. In its most typical form, there appeared a concern with describing a metropolis-hinterland structure which implies some form of "dominance-subordination", "dependency", or simply "unequal" relationship. Such a relationship, in turn, creates or recreates the basis for "exploitation". Several writers have actually used the term "exploitation",¹ or have relied on related notions of "unfair", "unjust", or "unequal" exchange, "transfer of surplus" (or profits), "predatory behavior", and so on, to describe this economic

¹ According to the Oxford English Dictionary, the word "exploitation" comes from the Old French "explot, exploit m, exploite fem." and, earlier, the Latin, "explicatum, explicata, neut, and fem. pples. of explicare"; thus, the etymological sense of "exploit" as noun and verb is "something unfolded, brought out, or put forth, the action of unfolding or developing". While it might be argued that "to exploit" could apply to taking advantage of any opportunity or turning to account any activity, the word "exploitation" (and some usages of "exploit") has gained more specific senses and deeper meaning, especially with the historical development of political economy. This thesis is concerned with the application of "exploitation" to economic processes, but it is not intended to deny that other, older, or broader, applications also exist.

process. But despite the use of such terms, there is very little discussion of their meaning or theoretical significance, either in qualitative or quantitative terms. The purpose of this chapter is to clarify certain approaches to the problem of exploitation in the context of prairie regional development.

Every economic theory of exploitation is based on some notion or theory of value, however rudimentary. In neoclassical economic theory, value is equivalent to price, hence the measure of value of a commodity is the market-determined price. Markets, real or simulated, are necessary--indeed, the only means--of objectively determining value. It is important to emphasize that neoclassical theory has no standard of value outside the market-place for this implies that whether a market operates under competitive or monopoly conditions, there is no objective measure of an exchange which is "unfair", "unjust", or "exploitive". All market exchanges are assumed to be 'voluntary' or 'free', if not 'equal', contracts between buyers and sellers. Economic necessity plays no serious or determining role, including in the treatment of elasticities of demand and supply.

Most sophisticated neoclassical theorists do not argue that the "market system" necessarily exists for determining fair prices but rather for determining 'efficient' prices, and that in some larger sense the system as a whole is desirable even though particular exchanges may not be so. Also, while they recognize some market-determined prices may not appear fair or just, this judgement is generally a subjective matter.² Typically, they may argue that whether one considers a price to be unfair or not de-

²See, for example, Richard G. Lipsey, G.R. Sparks, and P.O. Steiner, Economics, Third edition, New York: Harper and Row, Publishers, 1979, pp. 394-395.

depends on "whose ox is being gored", or that the decision is simply a "value judgement", whether moral, legal, or political. This position is often supported by a philosophical approach which tries to make sharp dichotomies between "positive-normative" or "fact-value" statements. Hence, market-determined prices are the former, while claims about unfair prices or exploitation tend to be the latter because such claims are 'really' about what should be and not about what is.

There are certain limited ways in which neoclassical theory admits of the possibility of exploitation, though two strong qualifications need to be entered right at the outset. Firstly, the neoclassical notions of exploitation presented here are not necessarily accepted by most neoclassical theorists and might well be considered an 'extreme' interpretation by conservative neoclassicists. However, in order to gain a clearer understanding of the 'logic' of the neoclassical approach and to focus more sharply on its shortcomings, an attempt has been made to push this aspect of the neoclassical approach 'to its limit'. Secondly, the words "possibility of exploitation" have been used advisedly since neoclassical approaches may recognize the existence of exploitation but it is seen as accidental, if not incidental, and certainly not essential to the capitalist 'market system'. No neoclassical approach yet devised argues either that capitalism necessitates exploitation or that capitalism by its nature depends upon exploitation.

At a general level within the neoclassical approach, it could be argued that wherever there is imperfect competition with barriers to entry there is exploitation. Only under perfect competition is exploitation impossible, since in perfect competition price must equal marginal cost in the short-run and both marginal cost and average cost in the long-run. The existence of economic rent implies that buyers (consumers) pay more

for a commodity than its cost of production (which includes the cost of a 'normal' rate of return or profit). In this sense, if a consumer pays a price higher than the commodity's average cost of production there is exploitation.

Such a notion of exploitation tends to equate exploitation with economic rent, in other words, where economic rent exists exploitation exists. Further, it applies generally to all markets; although the notion is stated with reference to the product markets it has its counterpart in the factor markets, as we shall see in a moment. However, some neoclassical theorists would react against equating economic rent with exploitation or an unearned increment since the implications, at least within the neoclassical approach, are quite sweeping. In effect, if maintained consistently such an approach would mean that every existing situation of imperfect competition with barriers to entry is exploitive, a not inconsequential conclusion in an era of monopoly capitalism.

The most widely-recognized and revealing area in which neoclassical theory admits the possibility of exploitation is in the so-called "factor markets" (as distinct from "product markets"). Labour and capital are both considered productive factors on an "equal" footing.³ In principle, 'exploitation' can occur in three possible circumstances, although rarely if ever are practical means or results of calculations ever given. Firstly, 'exploitation' can occur when there is monopsony in the factor markets. Secondly, it can occur when there is monopoly in the product markets. Thirdly, it can occur in perfect competition with respect to intra-marginal

³For a criticism of this concept of equality see K. Marx, "Critique of the Gotha Programme", in K. Marx and F. Engels, Selected Works, London: Lawrence and Wishart, 1968, p. 342.

units of labour and capital. In general, 'exploitation' occurs if either labour or capital are paid less than the value of their marginal physical products (VMPP).⁴

In the case of monopsony in the factor markets, the firm uses its monopoly buying power to hire labour below the equilibrium or "competitive" wage. Samuelson recognizes that in isolated places where mobility is limited, collective bargaining can remove exploitation by the "monopolist of labor (the 'monopsonist')". Here the circumstances are described by Samuelson:

Suppose there is a company town: unless you work for the dominant firm, you are unemployed; your alternatives are few or non-existent, and you must take what the employer offers. In this case the employer does not think of himself as too small to affect appreciably the wages he pays; he does not hire factors up to the point where their marginal revenue products . . . are equal to the wages he pays. Instead, the employer realizes that hiring an extra worker will raise the wage he must pay to all, and hence he had better not hire that worker unless his marginal-product much exceeds the wage.⁵

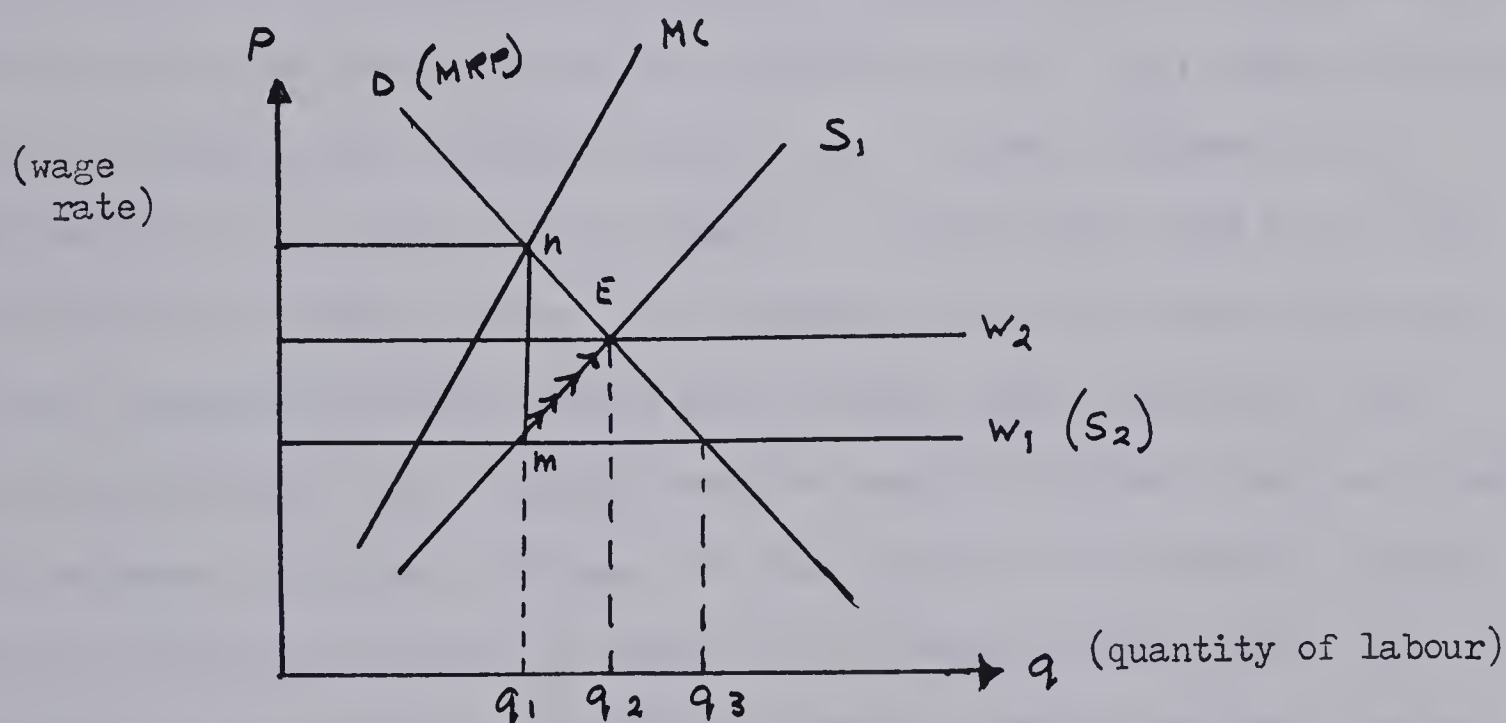
Of course, the flip side of the Samuelson-type argument is that in non-monopsonistic industries unions are unnecessary and that wage increases in

⁴"The value of the marginal physical product (VMPP) of a factor of production is the amount for which the marginal product (MP) or that factor sells in the market. $VMPP = P \times MP$. Under pure competition, $VMPP = MRP$ because $P = MR$ ". (See Peter C. Dooley, Elementary Price Theory, Second Edition, Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1973, p. 167.) The marginal revenue product (MRP) is equal to the marginal physical product (MPP) multiplied by the marginal revenue (MR): $MRP = MPP \times MR$. Equilibrium exists where the rewards to factors are equal to their MRP, in the case of labour, where $w(\text{wages}) = MRP_L$, and, in the case of capital, where $p(\text{profits}) = MRP_K$. 'Exploitation' occurs where factors are paid below the value of their marginal physical product (VMPP), which in competition is the marginal revenue product (MRP). Thus, labour is 'exploited' if $w < VMPP_L$ or $w < MRPL_L$ and capital is 'exploited' if $p < VMPP_K$ or $p < MRP_K$. (See *ibid.*, p. 156.)

⁵Paul A. Samuelson and Anthony Scott, Economics, p. 537.

such situations tend to bring reduced employment and might cause 'exploitation' of the firm (by labour). The neoclassical and Marxist approaches contrast starkly on this point. While the neoclassical approach finds it difficult if not impossible to see exploitation under conditions of perfect competition, the Marxist approach argues that exploitation of labour exists under 'perfect competition'. Indeed, the very existence of capital, whether in perfect competition, absolute monopoly, or some intermediary market condition, implies the exploitation of wage-labour.

As indicated in the following diagram, this form of neoclassical exploitation is a case in which "organizing a union can result in higher wages and without any decline in employment";⁶



Under conditions of imperfect competition the monopsonistic firm faces an upward sloping supply curve (s) for the factor (labour). The marginal cost curve (MC) will thus rise above the supply curve. Assuming that the firm is not also a monopolist in the product markets, the firm will profit maximize where $MC = MRP$, that is by hiring q_1 units of the factor. Since

⁶Ibid., pp. 537, 538.

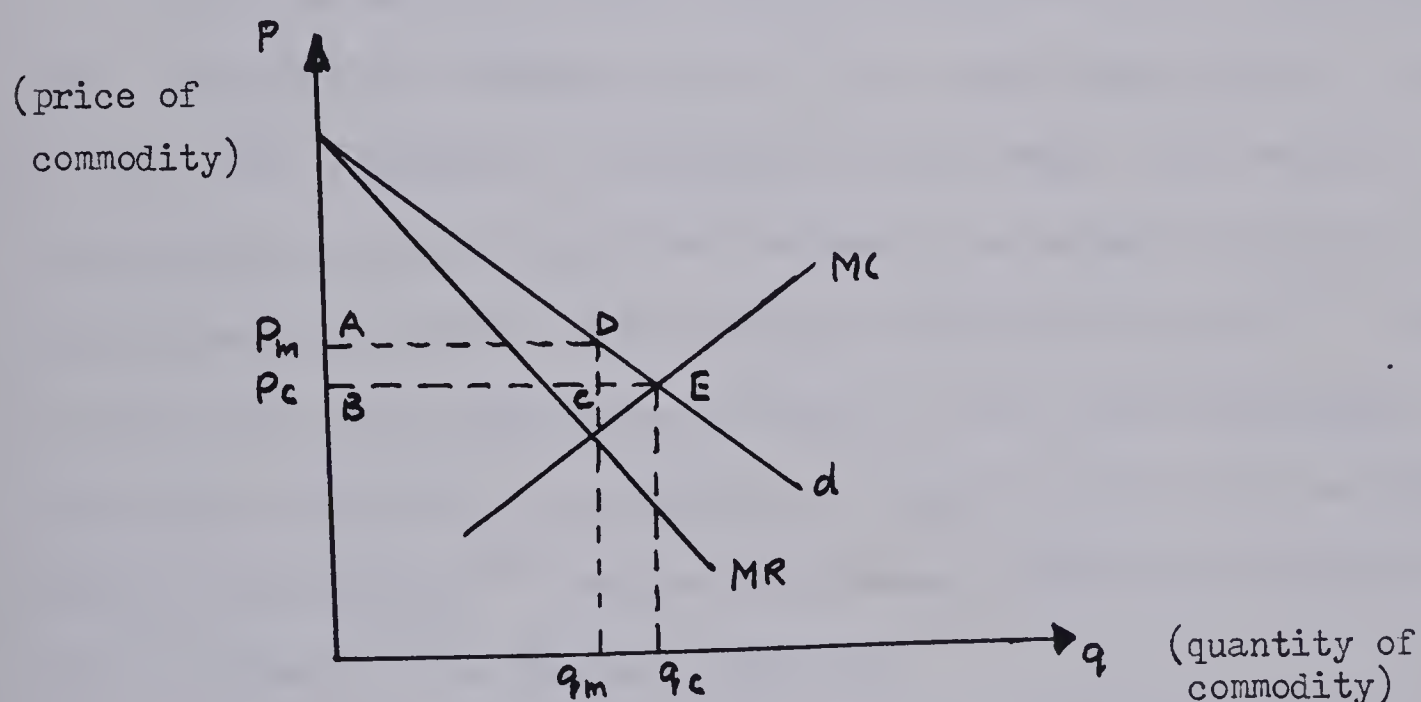
the wage level (w_1) at this point (m) is below the marginal revenue product (n) there is exploitation of the factor. (In this case the factor is labour but, in principle, the factor could also be capital.) Perfect competition would eliminate this exploitation, again, assuming perfect competition in the product markets. Under perfect competition, the firm would face a perfectly elastic supply curve (s_2) for labour, and would profit maximize by hiring q_3 units of the factor. Curiously, this implies, as will be mentioned later, that though the wage (or price of the factor) remains the same, 'exploitation' has disappeared.

Now consider the diagram taking into account the role of a labour union from the neoclassical perspective. The monopsonist hires q_1 quantity of labour at the sub-equilibrium wage w_1 . Through collective bargaining a union is able to raise wages to the equilibrium level (w_2), where, in principle, the monopolist expands hiring to q_2 . The path followed by the monopolist is along the s-curve (supply of labour curve) from m to E, as indicated by the small arrows. The monopolist does not travel along the D-curve (marginal-revenue-product curve) unless wages rise above their equilibrium level (w_2), in which case the monopolist moves along the D-curve and decreased employment follows. In this notion of neoclassical exploitation, exploitation occurs to every unit of labour as hired until the equilibrium E is reached. As noted, a directly parallel argument can be made applying to monopsony in the 'hiring' of capital. Presumably, the firm would bargain collectively with a "capital union".

The second neoclassical notion of exploitation arises from situations of monopoly in the product markets. With such exploitation, often identified with the Cambridge economist, Joan Robinson,⁷ it is observed

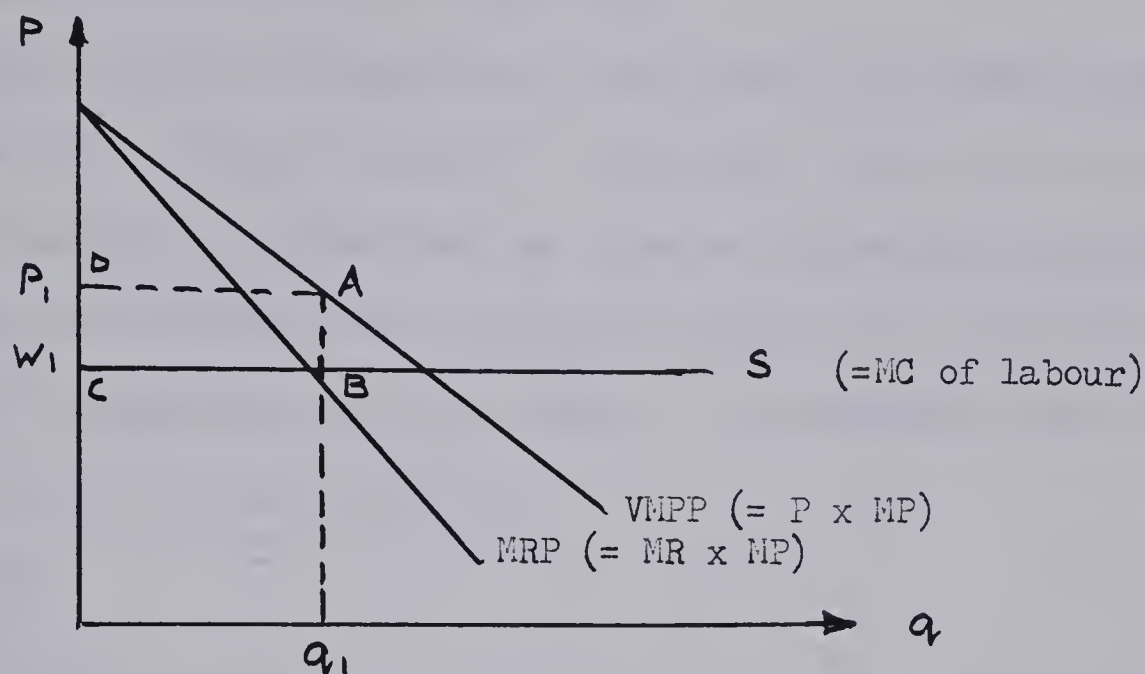
⁷From her book, The Economics of Imperfect Competition, London: Macmillan, 1954 (first edition, 1933).

that the firm with monopoly power is able to raise the price of a commodity above its marginal cost and thus labour (or capital) is paid a wage less than its marginal revenue product. As indicated by the second diagram, typical in introductory economics courses, the monopolist produces quantity q_m at price p_m , while under competition, where firms are "price-takers" and produce to the point where marginal cost equals price (their marginal revenue), quantity q_c at price p_c would be produced. (This assumes the same marginal cost curve under both competition and monopoly.) The rectangle ABCD represents 'monopoly profits' (or profits above 'normal' profits). Presuming a situation where the firm is not also a monopolist in the factor markets, the monopolist will hire labour until it reaches the profit-maximizing point where marginal cost equals marginal revenue. In



other words, this will be where the marginal revenue product has fallen (as ever, on the assumption of "diminishing marginal returns") to the level of the given market wage. However, since the wage paid is the same as that which would obtain for a competitive firm, while the price of the marginal physical product is higher than that obtaining under competition, there is 'exploitation' of labour. That is, the wage is less than the

value of the marginal physical product of labour (although it is equal to the marginal revenue product of labour). In the third diagram, 'exploitation' is indicated by the rectangle ABCD.⁸



Samuelson summarizes this notion of exploitation by commenting that: "Monopolistic deviation from $P = MC$, means 'exploitation' of labour (and other transferable resources), in the sense that society's labour is misapplied as between goods and leisure or as between too-scarce monopolized goods in relation to too-plentiful competitive goods."⁹ Further, he notes that "Often monopolies can afford to pay workers even more than competitive industries can, sharing so to speak a mite of the monopoly swag with the workers."¹⁰ But he then states, in contrast to the situation of monopoly in the factor markets that

. . . raising wages in monopoly industries by trade-union action is not the way to get rid of this kind

⁸P.C. Dooley, op. cit., p. 160.

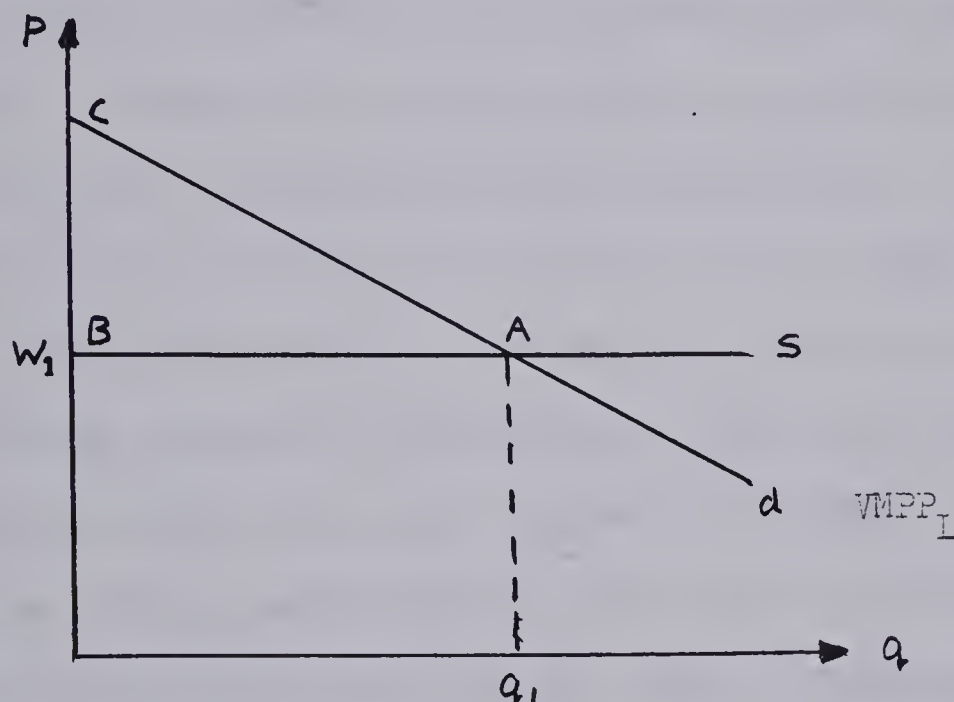
⁹Paul A. Samuelson and A. Scott, Economics, p. 460.

¹⁰Ibid., p. 460.

of exploitation. It is all society that is being exploited, and it is a task for combines policy to reform the situation.¹¹

Of course, as will be mentioned, one is left asking if all society is being exploited, who is doing the exploiting?

The third notion of exploitation can occur under perfect competition. Here again, labour (capital) is 'exploited' where its "revenue", "wages" (or profits), is less than the value of its marginal physical product. Thus, the area ABC in the following diagram of a firm under competition might be considered as exploitation of intra-marginal units (all but the last units hired) of labour:



This notion of exploitation can be viewed as analogous to the "consumer's surplus" (or "buyer's surplus") for the employer, or buyer of labour, although most neoclassicists, to put the point mildly, would not go this far.¹² Such neoclassicists would tend to argue that intramarginal would

¹¹Ibid., p. 460.

¹²See, for example, C.E. Ferguson, *Microeconomic Theory*, Homewood, Illinois: Richard D. Irwin, Inc., 1966, p. 322, where ABC is treated only as the reward to the complementary factor of production, such as land or capital, following the Clark-Wickstead Product Exhaustion Theorem.

tend to be exploited if, and only if, the firm did not produce up to the point where $w = VMPP$. At that point the wages of all workers are equal to the value of their marginal physical product and thus, by definition, they are not exploited. The neoclassicists might add that if intramarginal units of labour are exploited by the firm according to some notion of 'firms' surplus' then the firm, in turn, is exploited by consumers who receive a "consumers' surplus" by paying a price less than they are willing to pay for the quantity purchased. (The "consumers' surplus" is the 'excess' between the aggregate amount that consumers are willing to pay for a commodity and the amount they pay with a single price.)

To push the argument, a contrary neoclassicist might respond from two angles. Firstly, it is apparent that disequilibrium even under conditions of perfect competition entails exploitation. If, temporarily, the firm is not yet hiring to the point where $w = VMPP$, the intramarginal units of labour are exploited. On the other hand, if, temporarily, the firm is hiring beyond the point where $w = VMPP$, the firm is exploited, presumably by labour, since w_1 is greater than $VMPP_2$. As an aside, if the firm as decision-maker hires too many units of labour such that the last unit hired is paid more than the value of its marginal physical product, is labour really exploiting the firm, or is the firm exploiting itself, or is the very use of the term 'exploitation' simply not credible? Whatever the case, it seems to follow that all 'disturbances' to equilibrium under perfect competition lead to 'exploitation' of some sort.

Secondly, it seems plausible to argue, even given a perfectly competitive equilibrium situation, that there is a reasonable analogy between the consumers' surplus in the product market and the 'firms' surplus' in the factor markets. As the consumers of labour firms gain by paying a wage less than they are willing to pay for the quantity purchased.

Whether this is a surplus in utility or value terms it exists by virtue of the firm's demand for, and hiring of, labour. Labour would have been exploited until the last unit was hired at q_1 . Suddenly, at q_1 , 'exploitation' evaporates, despite the continuation of the same wage level. Perhaps, it is not unreasonable to suggest, at least within the neoclassical context, that the 'firms' surplus' (from 'exploiting' labour) idea captures the evaporated exploitation when the perfectly competitive equilibrium is attained. Admittedly, though, this notion has a somewhat different sense than the previous ones and clearly rests on shakier ground, especially so since neoclassicism does not establish a clear relationship between 'surplus' and 'exploitation'. However neoclassicists choose to pursue this particular point and whatever its intrinsic interest, it is a non-essential and, in fact, dispensable aspect of the main line of the argument presented here.

It is important to emphasize that with all neoclassical notions of exploitation capital is an 'equal' factor to labour, so capital can be exploited in the same manner as labour. Whether the marginal or intra-marginal unit is labour or capital, if it is paid less than the value of its marginal physical product (VMPP) or, what is the same in conditions of competition, its marginal revenue product (MRP), there is exploitation of the factor. Not surprisingly, such an approach raises several of the major weaknesses of the neoclassical theory. For example, if both labour and capital can be exploited at the same time how seriously meaningful can the concept 'exploitation' actually be? And who is it that is doing the exploitation? If it is some abstract "firm", is the firm merely an automated machine divorced from capitalists or workers?

Put simply, the neoclassical notions of exploitation have no place for recognizing the 'unequal' power or position of classes, let alone

class struggle in the development of capitalism. Other curious features also appear. For instance, if one takes a worker in an industry which undergoes monopolization, the worker may be performing virtually identical tasks at the same wage both before and after monopolization, yet when the employer became a monopoly there was 'exploitation'. Similarly, one could have two industries, one under competition, the other under monopoly, where two workers perform virtually identical labour, yet the neoclassical theory would consider only the worker in the monopolized industry to be exploited. If the 'exploitation' of intramarginal workers is recognized the situation becomes even more obtuse, since here the last worker hired by a firm would not be 'exploited' while his co-workers even within the same firm would be 'exploited'.

Perhaps, the most obvious problem of the neoclassical approach is that it cannot account for exploitations outside a market system, in pre-capitalist modes of production, nor can it provide a generalized means of dealing with the problem of "unequal" or "non-equivalent" exchange outside the range of market relations obtaining between firms and factors of production, thus excluding exploitation in other buyer-seller relations, such as between monopolists and small businesses. Nevertheless, if one were to ignore these several problems and, instead, attempt to abstract from the neoclassical notions a general concept of exploitation, it might still convey the idea of exploitation as deficient payment or reward, in effect a process or state of affairs where payment rendered (or revenue received) is less than the value or 'worth' of a factor's contribution to production.

In stark contrast, the Marxist approach has a highly developed theory of exploitation. To begin with, the term itself has a definite and objectively determinable content, that is, the private appropriation of the surplus labour of the producer. Historically, in order for non-productive

classes to come into existence, the development of production must have advanced to the point where there exists an economic surplus, or an economic "output" over and above the subsistence needs of the producers. Thus, in its most general sense, exploitation has existed long before the capitalist mode of production, wherever this surplus product has been privately appropriated by those who did not produce the surplus, and constitutes the basis of every classdivided society. Although the particular form of exploitation characteristic of the capitalist mode of production appears more "veiled" in the system of capitalist wage-labour (by comparison, for example, to slavery or feudalism), exploitation is, nonetheless, the basis of capitalism's existence as a classdivided society.

Marx argued that in the system of capitalist wage-labour, workers are paid not for their "labour" but for their "labour-power", that is, their potential or capacity to labour. Labour itself is labour-power "set in motion", actually transforming--and giving the value to--objects in the process of production. This distinction is evident, for example, when one observes workers hired at a set hourly wage, yet undergoing "speed up" or (less likely) being idled. Even when piece rates or other "incentive schemes" are used, the payment systems are determined on a time basis, such as through "time-motion" studies, generally with the average set in a manner similar to wage determination in a straight wage system.

The "law of value" in Marx's approach is a labour theory of value (or, more accurately, exchange-value). The value of a commodity is determined by the socially-necessary labour embodied in the commodity or, stated in other terms, the labour-time socially necessary for its production. The value of the commodity "labour-power", like other commodities, is also determined by the labour-time socially necessary for its reproduction. In calculating this value, the main component is the sum of costs of physical

subsistence (including labour's reproduction through families), but there also "enters into determination of the value of labour power a historical and moral element."¹³ Ultimately, the numeraire is labour-time measured in hours, person-days, etc.. For convenience, the price of labour-power (wages) measured in commodity money or fiat currency (such as owners of gold or dollars) has often been assumed as a rough equivalent. But it should be noted that for Marx exchange values emerged historically and prior to money; hence, while money or money prices can reflect values, this equivalence obtains contingently not necessarily.

Prices, including the price of labour-power, do deviate from values. In conditions of competition, the fluctuations of prices, brought about by the temporary effects of changes in supply and demand, tend towards a commodity's value. In modern parlance, one could say that under conditions of perfect competition, a stable equilibrium price coincides with a commodity's real value.¹⁴ However, unlike every other commodity, the commodity labour-power can produce or create value. The value created through the labour process in capitalist production is owned by the capitalist, who sells the products of labour. From the capitalist's revenue is deducted sur-

¹³K. Marx, Capital, Vol. I, p. 171. For further discussion of wage determination, particularly the "wage minimum" towards which not all individual workers but workers as a 'species' tend to "level down", see K. Marx, "Wage Labour and Capital", in Selected Works, p. 80.

¹⁴For further discussion of the role of supply and demand see "Wages, Price and Profit", in Selected Works, pp. 198-200.

plus value or, roughly, profit, so that only part of the value created by labour is actually returned to labour (in the form of wages).¹⁵ The time expended in producing the value returned by the capitalist in wages is "necessary labour-time"; the time expended in producing the surplus value is "surplus labour-time". In the capitalist mode of

¹⁵The basic principle upon which Marx based his treatment of exploitation in the capitalist mode was described well by Maurice Dobb: "The analogy between capitalism and earlier forms of society, as regards appropriation of a surplus of those contributing no productive activity, was for him an historical datum: an observation from social experience. It was this analogy with cases where appropriation of surplus-labour or surplus-product was plainly written in political terms or by virtue of legal enactment or military force, and was recognized as such, that he sought to emphasize by talking of a specifically capitalist form of exploitation. The specifically economic problem consisted, not in proving this, but in reconciling it with the law of value: in explaining how this could happen in the economists' realm of competition and 'unseen hand' where everything exchanged at its 'natural value'. In a popular vein in his Value, Price and Profit, he says: 'To explain the general nature of profits, you must start from the theorem that, on the average, commodities are sold at their real values, and that profits are derived from selling them at their values . . . If you cannot explain profit from this supposition, you cannot explain it at all'." (Maurice Dobb, Theories of Value and Distribution Since Adam Smith: Ideology and Economic Theory, Cambridge: Cambridge University Press, 1973, pp. 146-147.)

production surplus-value is the specific historical form of surplus product, and the maximum extraction of surplus-value ("profit maximizing", roughly speaking) is its motive principle.

While the direct exploitation of wage-labour by capital is the "normal" form of exploitation under capitalism, exploitation can take place in other ways. In particular, with the rise of monopoly in trade and production, it is possible to dictate low buying and high selling prices to small commodity producers in such a way as to extract more surplus value by buying at a price lower than actual value or by selling at a price higher than actual value. This indirect means of exploitation--"non-equivalent exchange"-- plays a profoundly important role under colonialism and imperialism.¹⁶ Hence, one needs to distinguish three types of prices operating in the historical development of capitalism--high monopoly, low monopoly, and non-monopoly prices--in order to recognize adequately the role of monopoly as well as competition.

The total mass of surplus value is distributed both according to capital (equal profit on equal capital) and according to the level of monopolisation (monopoly super-profit). The average rate of profit under imperialism is the ratio of the surplus value of society, minus that part of it that constitutes monopoly super-profit, to the whole capital of society advanced. In addition to average profit on their capital, monopolies also receive monopoly super-profit.¹⁷

The interconnection of these two forms of profit makes evident the relationship between monopoly and non-monopoly sectors of the capitalist economy. Competition tends to equalize rates of profit across sectors, but

¹⁶See, in particular, V.I. Lenin, "Imperialism", Chapters I and X.

¹⁷G.A. Kozlov (general ed.), Political Economy: Capitalism, Moscow: Progress Publishers, 1977, p. 467.

monopolies by erecting barriers to this competition are able to appropriate a portion of the surplus-value created in the competitive sectors. If a monopoly collapses into competing components, the rate of profit will tend towards the average. Thus, if a monopoly is formed or maintained the average profit level in the competitive sectors can "serve as a reference-point for assessing the efficiency of monopolisation and as a kind of scale for comparing the amount of the super-profits of various monopolies and the lower limit of profitability for the monopolists."¹⁸

There is another aspect to the Marxist approach to exploitation which is important to raise. While exploitation underlies the process of "capitalist accumulation", Marx also treats the process of "primitive accumulation". Primitive accumulation can be considered a type of exploitation or, more precisely, "expropriation". It is accumulation outside the normal exchange relation through military conquest, piracy, pillage, extortion, fraud, and so on--in short, brute force and 'crime'. The blotting out of the present, but especially, the past historical role of primitive accumulation is one of the most glaring faults of neoclassical approaches:

Conventional development economics, in particular, has never been more than a thinly veiled apology for colonialism. Its formal commitment to nationalist aspirations for economic parity with the developed countries has been outweighed by the implications of its basic concept of original underdevelopment. For if underdevelopment is an original condition in the way that conventional development economists assume; if it is a condition in which all countries once existed (characterized by such things as poverty, low labour productivity, backward technology, inadequate equipment and a heavy dependence upon a primitive agrarian sector), then the responsibility for its creation cannot be

¹⁸Ibid., p. 467.

attributed to any class or country. Colonialism is exonerated. While the liberal development economist might concede that particular colonial governments did not do everything in their power to speed progress in the colonies, the point remains that his theoretical premises preclude him from even considering colonialism as a dimension of the problem. In fact, they preclude him from seriously examining underdevelopment as a historical process with particular social, economic and political co-ordinates. In the last analysis, conventional development economics does no more than reaffirm the colonial view that underdevelopment is a natural phenomenon, though the mood of the times no longer allowed this view to be stated in terms of racial differences and explained by the laws of social Darwinism. Since 1945 prejudice has had to change its 'scientific' language.¹⁹

In the Canadian and Albertan context, it is still commonly the case that the Native Peoples are not seen as playing a profound role in Canada's economic development, nor is the 'underdevelopment' and exploitation resulting from colonialism and imperialism similarly recognized. An extreme case may be the neoclassical rendering of the staple theory with its assumption of the "empty land" characterized distinctively by "a favourable man/land ratio and an absence of inhibiting traditions."²⁰ There is no single neoclassical perspective which has recognized the role of the Native Peoples in the major accumulations upon which was based, for example, the early Canadian trading and banking concerns established in Montreal and Quebec.²¹ However, as long ago as 1930, another staple theorist,

¹⁹G. Kay, op. cit., pp. 2-3.

²⁰M. Watkins, "A Staple Theory of Economic Growth", in W.T. Easterbrook and M. Watkins (eds.), op. cit., p. 53. Fortunately, Watkins has moved considerably beyond these earlier views. See, in particular, "The Staple Theory Revisited".

²¹One of the few writers to do so has been Stanley B. Ryerson. See: The Founding of Canada: Beginnings to 1815, Toronto: Progress Books, 1960, and Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815-1873.

Harold Innis, suggested: "We have not yet realized that the Indian and his culture were fundamental to the growth of Canadian institutions."²²

Geoffrey Kay argues that during the mid-1960s a school of radical development economists emerged (in the advanced capitalist countries) showing "glaring inconsistencies" in orthodox development theory and through historical studies revealing the importance of capitalist penetration.²³ One outcome was a recognition of the twofold consequence of merchant capital in the undeveloped world: "on the one side the tendency of merchant capital to repress general economic development in proportion to its own independent development; on the other the reorganization of whole economies to the requirements of external economic interests."²⁴ The analysis of the twofold nature of merchant capital, as independent merchant capital and as an agent of industrial capital, according to Kay, has been characterized as "the economics of dependence"²⁵ (or "dependency theory").

As much as this was an advance on previous orthodoxy, it was fatally flawed because the theoretical framework it employed did not recognize the law of value and thus failed to grasp the nature of the process of underdevelopment:

This [the economics of dependence] does not recognize the law of value but is an eclectic combination of orthodox economic theory and revolutionay phraseology, seasoned with supposedly self-explanatory facts, such as data concerning the pattern of trade and capital movements, and spiced with cynical quotations by

²²H.A. Innis, The Fur Trade in Canada, p. 392.

²³G. Kay, op. cit., p. x.

²⁴Ibid., p. 103.

²⁵Ibid., p. 103.

western politicians and businessmen on their aims and the methods adopted to achieve them. The conclusions reached are not wrong in so far as they go, only they cannot get beyond the level of general ideological critique. Turning their backs on the law of value the best they could achieve was a historical account of the process of underdevelopment elaborated through empirical categories, such as dependence, metropole and satellite, which collapse into hopeless contradiction in the face of close investigation. For example, if underdevelopment is a result of dependence, that is the subordination of one economy to another, then certainly Canada, with over half its manufacturing industry owned by American firms and its agricultural sector dependent upon the world market over which it has no control, must be considered underdeveloped; and to less extent, perhaps, many Western European countries . . . often dominated by the same American firms, must fall into the same category. In other words, the concepts of development and underdevelopment, as used by radical development economists, have not overcome the relative nature which orthodox neoclassical theory bestowed upon [them]. They have not become distinct, though inseparable concepts, and therefore do not correspond in a scientifically adequate way to the actual processes of development and underdevelopment which are themselves distinct but nevertheless inseparable as aspects of the general process of capitalist development.²⁶

While one can find several aspects of Kay's book which need to be challenged, his insistence on the central importance of the theory of value is not among them. It has been emphasized here in order to underline the necessity of grounding critical approaches to capitalist development in a theory of value which truthfully applies to all forms of capitalist development and which uses scientific categories and principles determined clearly and independently of colonialist and imperialist ideology. Of course, the importance of the law of value by no means precludes the analysis of "dependence" nor more important categories such as "dominance" and "subordination". Deeper analysis in this field, based on the law of value

²⁶ Ibid., pp. 103-104.

will no doubt illuminate such categories in ways hitherto obscured.

As well, it should be noted, the discussion of "dependence" in general should not be counterposed crudely to the law of value or Marxist theory. The concept of "dependence" (together with "interdependence" and "independence") is present at several significant points in Marx's writing.²⁷ It seems to refer quite specifically to the relationship existing between a commodity producer and his/or her market, or a producer's role in a particular division of labour, where the former's existence is circumscribed by the latter in qualitative and quantitative ways, for example, the dependent relationship of the 'marginal' wheat farmer with the wheat market.

A Third Way?

The polarization between proponents of the labour theory of value, upon which are grounded most theories of surplus value, and proponents of neoclassical or marginal utility theories, has existed in Europe from the second half of the 19th century. Since then, labour theories have tended to be identified with socialist ideology and thus excluded from mainstream academic political economy in most developed capitalist countries. This process also occurred in Canadian political economy; however, there was a considerable differentiation in the reaction against labour theories of value. In this respect, Harold Innis's efforts to find a 'third way' out of the polarization are significant and revealing of the central importance of value theory to the explanation of regional development (and economic history).

²⁷ See, for example, K. Marx, Capital, Vol. I, pp. 352 and 737.

While Innis did not accept a labour theory of value, he was critical of the neo-classical (especially, Marshallian) "price theorists" and attempted to form a theory of value based on the analysis of the historical development of institutions. Robin Neill claims that the "analysis of economic progress can be divided into three broad categories: the economics of scarcity, the economics of absolute value, and historical economics."²⁸ All three have roots in Adam Smith, including historical economics, which was the particular 'third way' of Innis.

Innis maintained that the price system was accidental and not necessary to economic activity, which involves broadly the production, distribution, and consumption of goods and services.²⁹

When this [economic activity] is organized according to the price system the specifying elements are private property, the use of money as a medium of exchange, and the acceptance of rates of exchange set by free market forces. . . . Within the system the medium of exchange provides a common measure of value--because money price under ideal conditions is an index of the market's consensus as to the benefit to be derived from one good in relation to that to be derived from others. That is to say, market prices are a means of communicating throughout the system a consensus as to the relative value of any commodity or service.³⁰

On this basis, Innis analysed the development of institutional organization in determining values which, in turn, determined prices (where the price system was operative) or economic activity generally.

According to Neill, two underlying ideas current at the University of Chicago in the 1920s, played a role in Innis's thought. The first

²⁸ Robin Neill, A New Theory of Value: The Canadian Economics of H.A. Innis, Toronto and Buffalo: University of Toronto Press, 1972, p. 20.

²⁹ Ibid., p. 51.

³⁰ Ibid., p. 51.

idea was that social values or the goals of society are found not in expressed agreement but in "the rules that direct group behavior". The second added the notion of "purposive action". New forms of social behavior reflect social value although they may not immediately be embodied in the prices determined by established institutional arrangements, hence, "social values are expressed in the way society organizes around its technical means and only after this organizational framework has been established for some time will prices reflect social values."³¹ This somewhat conservative approach was modified by Innis, who was influenced by certain views of Frank Knight, to allow a greater role for creative or indeterminant behavior:

Innis accepted the idea of social values developing pragmatically and insinuating themselves gradually into a price system through institutional change, as outlined earlier, and modified it with Knight's notion that values are creative, artful, radically free and indeterminate. The result was a basic concept of the role of institutional formation in the process of economic advance, that is, that the functions of institutional formation is to liberate social action to accommodate new circumstances and new goals (values), particularly to permit the realization of new possibilities that do not receive expression in the price valuation of established markets.³²

Neill, in his own way, recognizes the tension in Innis between the idealistic approach to history as reflected above, and the more materialistic (or realistic) approach, for example, in treating the role of technique, which has led most writers to treat Innis as being a type of technological-geographical determinist.³³

³¹Ibid., p. 26.

³²Ibid., p. 31.

³³See, for example, *ibid.*, pp. 31 and 56.

For Innis, the advance of techniques was 'the engine of growth'. In particular, the spatial and temporal dimensions of a price system were "most fruitfully considered as derivatives of the technique of communication."³⁴ Thus, the extension of the market into frontier areas depended on the advance of the techniques of communication (and transportation). Once innovation is achieved, the formation of institutions follows to organize development. There is also a centre-margin relationship implied in the approach:

. . . institutional formation played its role after the innovation of new instruments at the centre and before the granting of credit to new areas on the margin. Technical advance merely makes profit possible and organization is necessary to facilitate the exploitation of possibilities. In other words, the development of new institutions is undertaken with a view to adjusting the price system to the demands of new equipment. An efficient price system is one that rapidly mobilizes resources and Innis concluded from his historical work that 'institutional organization had been designed to enhance mobility'. Specifically, in the normal sequence of growth, institutional adjustment is an essential part of the process of equilibration. With the advance of industrialization, however, the normal sequence of growth is replaced by an abnormal ratchet effect. The writing off of monetary and physical organization becomes extremely costly, often virtually impossible. Under the threat of such adjustments, planned mobilization of resources is extended to offset forces working for equilibrium by ensuring continued advance along existing lines. In short, institutions, once established, tend to direct growth rather than be directed by it.³⁵

While Neill's interpretation of Innis's theory of value has much useful material, it is greatly weakened by a grossly superficial treatment

³⁴Ibid., p. 57.

³⁵Ibid., p. 60.

of the "economics of absolute value", particularly Marx,³⁶ and by counter-posing it to "historical economics". In fact, Innis operated within the tradition of economic liberalism, but modified important aspects of it to give institutions a more active and determining role in economic development. This was a reaction against the narrow "price theorists", and it was not in all respects opposed to Marxist views of the price mechanism.

Nor was it the first reaction to Marshallian price theory in Canadian political economy. Adam Shortt, for example, rejected both the "socialistic" labour theories, and Marshall's theory which was "a re-construction of the hedonistic calculus which involves the presentation of qualitative distinctions in a quantitative form".³⁷ Instead, Shortt supported Mill's view of the standard of value as being "relative power in exchange" (or "relative difficulty of attainment").³⁸ Like Innis, Shortt did not want to shift to a fully subjective theory of value:

Purpose and pleasure or satisfaction, while indispensable to economic values, can be no standard for it. The standard is still relative difficulty of attainment, and must be sought not through physiological psychology or the hedonistic calculus, but through the actual experiments of the world's commercial life. Alter the world's fashions, pursuits, or ideals and you have altered many economic values, but still the standard is difficulty of attainment.³⁹

³⁶See, for example, *ibid.*, p. 22: "Certainly Marx had exposed a fundamental weakness in price economics but he himself had not come to grips with the problem of growth for he, too, failed to explain the surplus available for expropriation."

³⁷Adam Shortt, "Critical Notes: The Basis of Economic Value", Queen's Quarterly, Vol. II, July 1895, pp. 71-73. The word "quantitative" has here replaced the word "qualitative" present in the original, which is most likely a typographical error.

³⁸*Ibid.*, pp. 72, 73.

³⁹*Ibid.*, p. 73.

While Shortt operated more directly in the framework of liberal political economy than did Innis, both maintained the liberal aversion to labour theories of value and consequently, theories of surplus value. In this respect, it is understandable that the 'third way' Neill claims for Innis did not elaborate its own explicit theory of exploitation.

The final section of this chapter will outline and clarify three characteristic approaches to the process of exploitation in the context of regional development.

Exploitation - Of Whom? . . . By Whom?

Among those writings which admit the existence of exploitive relationships in regional development one can identify three principal approaches. In each, the process of exploitation is viewed with a successively greater scope and explanatory adequacy.

At the outset, it is worth emphasizing that the process of exploitation is based on a relationship between exploiter and exploited. This seemingly self-evident point is often obscured in approaches which lack a theory of agency or at least a notion of the source of dynamic motion in the process of exploitation in regional development. In order to pursue this point and shorten the exposition, acausal approaches based on "coincidence" or "it just happens", whether or not posed in probabilistic terms, are avoided as obvious non-starters. Also, in approaches which attempt explanation by reference to disembodied ideas ("drives without drivers"), for example, "the profit motive", or "animal spirits", or "the spirit of the age", such forces are considered as being tied down to their human authors either as a population or class.

(1) The "nature of man" approach. In its present form, this approach considers nature, particularly natural resources, to be exploited by human beings in general or by a more or less definable group of people. The analyses which treat exclusively the plunder of "natural wealth", such as the rapid depletion of non-renewable resources (soil, oil, gas), the wanton mismanagement of renewable resources (forests, water), and the reckless destruction of wildlife (beaver, buffalo) are examples of the approach, although less dramatic examples have also appeared.

In essence, this type of exploitation resolves into a relationship between a particular form of economy and the natural environment. Like other types of exploitation, the exploitation of the natural environment does not exist "in general" but in particular forms. While the economy of an individual area may have specified features determined by certain geographical factors, such as the quality and quantity of fertile land, topography, character of forests, and so on, the form of exploitation is determined by the form of economy. Thus, within the same physical area there is a far different relationship with the environment obtaining in the case of a natural hunting and gathering-type economy compared to the case of an advanced capitalist economy. Also, with different physical areas there can be similar relationships obtaining with the natural environment if the same form of economy exists. In the final analysis, it is the form of economic development which determines the existence and form of exploitation, and consequently, the exploitation of nature is not defined by region but by economy.

Certain views of the exploitation of the natural environment avoid treating the essentially socio-economic character of exploitation. For example, some criticisms of resource exploitation, to the effect of "leave

it in the ground (for another day)", are actually concerns about the distribution of property relations, economic rents, commodity prices, and technological advance over time. In general, criticism of rapid depletion of resources and "poor stewardship" of resources, tends to be a criticism about long-term socio-economic impacts to future generations and thus relates to the two other following types of exploitation.

In another context, some staple theorists speak abstractly about the exploitation of particular staples, such as in reference to the beaver, but avoid underlying economic relations, such as exploitation of the Native Peoples. However, this does not imply that all approaches to the exploitation of the natural environment (or, for that matter, the humanly constructed environment) are collapsible into approaches about other types of exploitation. Nor does it necessarily provide answers to larger philosophical questions about the ideal future relationship of human beings to their natural environment. But it does emphasize, again, that the analysis of exploitation of nature necessarily involves consideration of the socio-economic relations which give rise to that exploitation.

Within the Marxist approach, the treatment of this type of exploitation has had less elaboration than, for example, the treatment of class exploitation, but the general lines of approach are nonetheless apparent. Marx viewed the capitalist mode, unlike the primitive communal mode, for example, as "based on the domination of man over Nature."⁴⁰ He also recognized a parallel form of "robbery" of the natural environment and labour:

. . . all progress in capitalistic agriculture is a progress in the art, not only of robbing the

⁴⁰K. Marx, Capital, Vol. I, p. 513.

labourer, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility. The more a country starts its development on the foundation of modern industry, like the United States, for example, the more rapid is the process of destruction. Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth--the soil and the labourer.⁴¹

In considering the labour-process, Marx identified a special branch of economic production--extractive industries--as having a direct relation with nature, and others as having an indirect relation:

With the exception of the extractive industries, in which the material for labour is provided immediately by Nature, such as mining, hunting, fishing, and agriculture (so far as the latter is confined to breaking up virgin soil), all branches of industry manipulate raw material, objects already filtered through labour, already products of labour. Such is seen in agriculture. Animals and plants, which we are accustomed to consider as products of Nature, are in their present form, not only products of, say last year's labour, but the result of a gradual transformation, continued through generations, under man's superintendence, and by means of his labour.⁴²

Under capitalism, in which production is founded on the divorce of exchange-value from use-value, natural resources do not have value (exchange-value) until labour is applied to them to become commodities. Consequently, the "robbery of Nature" does not have an objectively calculable value-basis or cost, which is reflected in the destructive character of the capitalist mode. The proper valuation of natural resources must inevitably be a consciously determined policy of society based on some understanding of nature and humanity's relationship to nature.

Although the "robbery of Nature" is a problem particularly intense in hinterland areas, which typically are compelled to play a role in the division of labour geared heavily towards extractive industry, this type of

⁴¹Ibid., p. 506-507

⁴²Ibid., p. 181.

problem is not unique to hinterland regions and is more adequately explained by the following types of exploitation:

(2) The "region of man" approach. This approach is most prevalent in metropolitanism and dependency theory. Superficially, it suggests the existence of an "area of exploitation"⁴³, wherein the entire population is exploited. The exploitation can be done by the entire population of another region or by a class or classes of another region. Under analysis, the approach resolves into the problem of "non-equivalent exchange". This includes, typically, questions of terms of trade and interregional flows of surplus which are related to the distribution of property rights and, in turn, to the role of private monopoly and the state.

Like the "nature of man" approach, this approach does not necessarily recognize class exploitation, particularly between classes within the hinterland region. In fact, substituting a regional approach for a class approach has often been used to obscure the fundamentally class character of exploitation in the hinterland region. In terms of the relations between wage-labour and capital in a hinterland, the regional approach might or might not coincide with the interests of both classes of the region. For instance, better terms of trade for hinterland commodity producers may lead to relatively higher profits but not relatively higher wages within the hinterland.⁴⁴ The distribution of benefits from better terms of trade for hinterland commodities is determined generally by the balance of class forces in the hinterland region. However, this does not rule out the possibility that the interests of both classes might coincide insofar as improved terms of trade are concerned, because under a

⁴³See Chapter 2, and A.R.M. Lower, Colony to Nation, p. 202.

⁴⁴Some Alberta evidence in support of this is contained in Ed Shaffer, "Class and Oil in Alberta", and in the last chapter of the thesis.

particular given set of class relations the benefits of the improved terms of trade could accrue to both classes. Such a temporary coincidence of interests is evident in the "national liberation movements" of some colonial and former colonial countries.

There are three specific questions relating to the "region by man" approach which deserve special emphasis. First is the problem of defining a region. There have been a wide range of definitions of region, especially by geographers. But the definition of a region is not simply a geographical matter, a point which is recognized in the highly subjective definition of the American Association of Geographers:

. . . a region is not an object either self-determined or nature given. It is an intellectual concept, an entity for the purposes of thought, created by the selection of certain features that are relevant to a real interest or problem, and by the disregard of all features that are considered to be irrelevant.⁴⁵

Brewis himself suggests that there are four main classifications of regional definitions: Homogeneous Regions, which are regions by the criteria of homogeneity, that is, having a significant characteristic or characteristics in common, such as a low income level, high percentage of unemployment, and so on; Nodal Regions, sometimes known as "polarized" or "functional" regions, which are based on focal points of economic activity and functional relationships such as commuting patterns, marketing patterns and administrative controls; Administrative Regions, which are defined by administrative jurisdiction, such as for roads, education, taxes or industrial development; Regions of Potential Growth, which are regions established with a view to serve as focal points for economic expansion,

⁴⁵Cited in T.N. Brewis, Regional Economic Policies in Canada, p. 45.

such as centering on a watershed for hydro or irrigation development or an urban area for industrial development.⁴⁶

Meyer suggests a similar classification around three traditionally different approaches: "The first stresses homogeneity with respect to some one or combination of physical, economic, social or other characteristics; the second emphasizes so-called nodality or polarization, usually around some central urban place; and the third is programming--or policy-oriented, concerned mainly with administrative coherence or identity between the area being studied and available political institutions for effectuating policy decisions."⁴⁷ It is noted that all definitions are, in some sense, related to the homogeneity criterion; however, in practice the homogeneity approach is reserved for definitions relying on certain quantitative variables, while the others tend to be more qualitative or institutional in character.

The definition of region in relation to treating the process of exploitation can run aground where circular reasoning exists. For example, if a hinterland region is defined, in effect, as any area which is exploited, then regional approaches to exploitation become self-serving. Similarly, defining a hinterland as an exploited or subordinated region of a metropolis tends to 'rationalize' metropolitanism or dependency theory. Historically, the boundaries of regions are determined in the process of political economic development. How an individual region, whether new or old, is defined must be viewed in its own particular context. In certain cases, internal or external state rivalries, as opposed

⁴⁶Ibid., pp. 46-53.

⁴⁷J.R. Meyer, op. cit., p. 22.

to geographical-technical factors, play a greater role; in other cases, the role of such rivalries is more limited. In the final analysis, though, regional boundaries are not "nature given" but formed by political economic development.

In the case of the western interior and Alberta, most definitions characterize the entire western interior of Canada as a region. As emphasized by certain frontierists, this definition has a definite arbitrariness from a strictly geographical standpoint since the Canada-U.S. border divides an homogeneous plains area. So if there is a particular homogeneity in the western interior it probably relates to the common history of the western interior from its days as a colonial unit of England and Canada. The legacy of colonialism is still apparent in the development of the western interior, although the arbitrary fragmentation of the territorial unit into the three prairie provinces in 1905 (to be considered later) accentuated division rather than homogeneity.

Since colonialism implies the control of a territory by an outside state, the role of the colonial state in the general subordination of the economy of the territory to the colonizing power becomes a crucial question. To the extent the colonial (or federal) state is used to impose unfavorable terms of trade, taxation, or other economic burdens on the entire population, so is the exploitation regional (or national) in character. But to the extent that particular commodities or particular classes or races of the population are compelled to bear these burdens, so is the exploitation sectoral or class or racial in character.

The second question has to do with the precise delineation of the mechanisms of exploitation. To this point the emphasis has been on "non-equivalent exchange", especially in the terms of trade of commodities, but several other mechanisms deserve mention. Excluding for the present

the "terms of trade" in the labour market, the three key mechanisms of surplus transfer are outflows of surplus through inter-regional commodity flows, outflows of surplus through inter-regional capital flows, and outflows of surplus through state transfers. The first mechanism relates to the terms of trade or exchange for commodities. In Alberta, this has been especially crucial in such matters as wheat prices, freight rates, and oil prices. The second mechanism relates to capital flows. Since the turn of the century capital exports from central Canada and other parts of the world to the prairies have become increasingly important as have their "terms of exchange". Whether by direct or portfolio means, these terms have contributed to substantial drains of surplus in such forms as profits, interest and rents. The third mechanism relates to internal transfers within or through the state structure. The position of the Canadian state in colonialization and later development has played a role in support of the positions of private capital, such as the railways, but these can also be viewed as direct extractions of surplus through taxation, customs, and the pricing policies of public enterprises.

The essential economic principles of international trade and balance of payments relates directly to regional areas within a state⁴⁸, although the sphere of state action in the international arena is much restricted (but not absolutely, as seen in aid programmes, military relationships, etc.) by comparison to regional areas within a state. At root is a struggle over the distribution of prices, profits, rents, whose main determinants are the structure of property relations, and the control of the state, which is closely tied in with pricing and the distribution of

⁴⁸ Marx commented tersely that "whatever is true of foreign trade, is also true of home trade". (Capital, Vol. III, p. 325.)

the surplus. However, for a variety of reasons the accounting of transfers of wealth and income among regions in Canada has not reached the level of international accounts⁴⁹, so that it is not yet possible to achieve precise estimates of the magnitude of the transfers in either money or value terms.

The third question has to do with the relation of regional approaches to other "sectional" forms of exploitation. The existence of "regional exploitation" is posited on the basis of the general subordination of the economy of one region to another region through the exercise of monopoly and state power to various degrees and in various ways. However, the weakening of colonial and other oppressive state forms, and the emergence of new patterns of world and regional trade and development can alter fundamentally the general pattern of subordination in a particular region. Hence, a particular sector within a region (such as the petroleum industry in Alberta) or country may advance its position at the expense of other sectors in the region or another region and thereby modify or even reverse the general subordination. In this situation, "regional exploitation" is transformed into "sectoral exploitation". As both industries and regions form part of a given division of labour, one can conclude that both those special forms of exploitation are "sectional" in character, or based on non-equivalent exchange in the division of labour.

The existence of special forms of exploitation based on national, racial, religious, sexual, age, or certain other oppressions also have a sectional character. For example, racism is a major element in the his-

⁴⁹ See, for example, Stan Czamanski, Regional and Interregional Social Accounting, Lexington, Mass.: D.C. Heath and Company, 1973.

tory of exploitation in exchange relations involving the Native Peoples in both pre- and post-reserve periods. Insofar as "racism" affects such matters as the terms of trade for commodities, it can be treated as a particularly pernicious variation on the theme of non-equivalent exchange. Insofar as these special forms of 'sectional' exploitation take place through the labour market it can be treated as an aspect of the third type of exploitation. A rate of exploitation among one or other sectional groups which is greater than the average rate of exploitation can be treated as "super-exploitation" whether it exists in either the second or the third types of exploitation.

In its broadest terms, the "region by man" approach can be reduced to the problem of indirect exploitation, or "non-equivalent exchange". At one level, other forms of sectional transfers of surplus, based on sector, race, nationality, sex, age, etc., could also be placed on the same footing as region. However, region is here elevated to a "special" position for three reasons. Firstly, we are concerned in this thesis above all with the development of capitalism in Canada as it has affected a particular region, namely, the western interior and Alberta. Secondly, the regional approach to exploitation has received some useful attention, not only in rather general formulations but in significant attempts to measure interprovincial terms of trade⁵⁰ and exchange imbalance⁵¹; such work has been a major approach in viewing the uneven development of capitalism in Canada. Thirdly, and perhaps most importantly, the expansion of capitalism, colonialism and imperialism have all had definite territorial

⁵⁰ See, for example, W.A. Carrothers, "The Barter Terms of Trade Between British Columbia and Eastern Canada".

⁵¹ See, in particular, Kenneth Campbell, op. cit.

(and thus regional) dimensions.⁵² The annexation of territory and, allied to it, the unleashing of primitive accumulation through the forcible imposition of particular property relations, constituted a development of fundamental importance to the advance of capitalism. The process of primitive accumulation has been and continues to be such an important aspect of regional development that it needs to be recognized separately. As a matter of convenience it can be treated as a form of non-equivalent exchange taken to the extreme--expropriation. And the consequence of the particular historical character of primitive accumulation can be recognized in patterns of ownership and, related directly to these patterns, in the mechanisms of regional exploitation leading to wealth transfer. Nonetheless, in circumstances permitting more detailed elaboration, the present classification could be altered to recognize certain additional categories in the analysis of approaches to exploitation.

(3) The "man by man" approach. This approach is less directly evident in academic writing than the previous two, but it is fundamental to both. As has been described previously, the exploitation of man by man (understood as human being by human being) characteristic of the capitalist mode is the exploitation of wage-labour through the private appropriation of surplus value. Such exploitation requires the existence of a class structure not only in the "metropole" but "hinterland" regions. Within a regional perspective it can be seen to have four main determinants: firstly, the exploitation of wage-labour in the region by capitalists in the region; secondly, the exploitation of wage-labour in the region by capitalists outside the region; thirdly, the exploitation of wage-labour

⁵² See, for example, Norman L. Nicholson, The Boundaries of Confederation, Toronto: Macmillan Company of Canada, 1979.

outside the region by capitalists in the region; and fourthly, the exploitation of wage-labour outside the region by capitalists outside the region.

The general structure and dynamic of exploitation is interwoven throughout the economy and thus the full array of socio-economic class forces in all regions of the economy finally determine the relationships of exploitation. Typically, the so-called "hinterland region", such as the western interior, has a disproportionately high degree of the second aspect, which is usually in the form of branch plants, chain stores, and generally, any extra-regionally-owned business employing wage-earners. However, the other aspects deeply affect the picture. Some versions of the previous two approaches ignore the role of regional capitalists and fixate on various interregional struggles among capitalists (over such matters as terms of trade, tax and tariff policy, etc.). This often plays a "political" role, such as in elevating the image of "hinterland" capitalists, but as an approach it is incapable of explaining a multitude of phenomena. For instance, the emergence of "responsible government" and "provincial autonomy" by 1905, which involved the devolution of increased "autonomy" to a "responsible" propertied class, reflected the development of a definite and increasingly stable class structure in the western interior. A parallel problem also exists in explaining the relations of non-equivalent exchange and primitive accumulation, since both regional capitalists as well as simple commodity producers existed, and played their own respective and sometimes conflicting roles in these forms of exploitation.

The four aforementioned aspects suggest a picture of at least four "nodes" with the antagonism between wage-labour and capital setting the fundamental relation, and other tensions (such as between the regional "nodes" of capital and of labour) and other social elements, determining

the final relationship of economic forces. This framework for viewing the basic economic structure and dynamic of the regional development of capitalism, upon and around which can be built other interregional and intraregional elements, constitutes the basic matrix of exploitation. The resulting "sum" of socio-economic forces determines not only the character, but the extent of exploitation, as reflected, for instance, in the rate of exploitation of wage-labour or the terms of trade, and thus the interregional and intraregional flows of surplus product (surplus value).

In observing the academic writing on development in the western interior and Alberta, it appears that most writing which recognizes the existence of economic exploitation has concerned itself with the second ("region by man") approach and, to a lesser extent, the first ("nature by man") approach. The most conservative trends, whether in the overt imperialist ideology prevalent prior to World War I or in the later forms of "frontierism" or the "staple theory", are characterized typically by a non-recognition or denial of the existence of any structural or systematic form of exploitation, with the occasional exception of the exploitation of nature (which is generally viewed approvingly). The more critical or "liberal" trends within liberal economics, which also appeared in such forms as frontierism, the staple theory, metropolitanism, etc., are generally characterized by the recognition of some type and degree of exploitation, primarily through the second approach. Of the third approach, very little has been written. In the succeeding chapters this thesis proposes to outline some of the main lines such an approach could take.

Chapter Five

The Periodicization of Development in Alberta and the Western Interior

The whole history of the progress of human liberty shows that all concessions yet made to her august claims, have been born of earnest struggle. . . . If there is no struggle there is no progress. Those who profess to favor freedom and yet depreciate agitation, are men who want crops without plowing up the ground, they want rain without thunder and lightning. They want the ocean without the awful roar of its many waters.

This struggle may be a moral one, or it may be a physical one, and it may be both moral and physical, but it must be a struggle. Power concedes nothing without a demand. It never did and it never will.

Frederick Douglass (1857)

The entire history of Alberta and the western interior of Canada thus far has traversed only two modes of production, the primitive-communal mode and the capitalist mode. These modes mark off the two great eras of development in Alberta. The watershed was reached about 1885 or, more broadly, the 1870s and 1880s; the completion of the C.P.R. and the defeat of the North-West Rebellion signalled the defeat of the primitive-communal economy and the triumph of capitalism.

Prior to the dominance of the capitalist mode, an extensive colonial trading system based on the fur trade, had been established in most areas of the western interior. The emergence of the trading system, which will be treated later, eroded the pre-existing primitive-communal mode of production of the Native Peoples, but did not itself constitute the dominance of a new mode of production. In this respect, the present analysis treats "mercantilism" not as a mode of production, but as a concept used

historically to refer roughly to a colonial commercial system dominated by merchant capital.¹ Consequently, we can treat the many decades of mercantilist penetration in the western interior as a period of transition preceeding the capitalist mode but dependent on the predominant primitive-communal mode.

Bearing in mind that the primary interest here is the development of the capitalist mode, we can divide the economic history of this region of the globe presently called "Alberta" into three general parts. The first period begins with the earliest presence of the Native or aboriginal people in the area no later than about 11,000 years ago,² and continues until the penetration of European merchant capital in the fur trade during the second half of the 18th century. The second--transitional--period covers the time from the establishing of the fur trade to the ending of its leading position during the 1870s and 1880s. The third period opens in the 1870s and 1880s with the process of "internal colonization", particularly the development of the railway, and extends to the present.

¹Mercantilist systems were themselves dependent on the early development of capitalist production (industrial capital) in Europe. However, the significance of the productive basis of mercantilism was often obscured in classical political economy: "The first theoretical treatment of the modern mode of production--the mercantile system--proceeded necessarily from the superficial phenomena of the circulation process as individualised in the movement of merchant's capital, and therefore grasped only the appearance of matters. Partly because merchant's capital is the first free state of the existence of capital in general. And partly because of the overwhelming influence which it exerted during the first revolutionising period of feudal production--the genesis of modern production. The real science of modern economy only begins when the theoretical analysis passes from the process of circulation to the process of production." (K. Marx, Capital, Vol. III, p. 337.)

²See Alan Bryan, "The First People", in W.G. Hardy (ed.), Alberta: A Natural History, Edmonton, Hurtig Publishers, 1967, pp. 281-282.

In the earliest period, development was dominated by a variety of Native bands, generally living at a subsistence level in an economic system based on nomadic hunting and gathering, a type of "primitive-communal" mode of production.³ The areas of the Alberta region used by the many bands varied greatly over time in relation to a multiplicity of factors such as climate, hunting conditions, terrain, technique of travel, and power relations existing among the different bands. By about 1725 A.D., towards the time of the first European and Canadian probes into the area, there were in and near Alberta four main groups of Native Peoples, defined linguistically: firstly, sections of the Athabaskan, including the Beaver, Chipewyan, Sarcee, Sekani, and Slave, in the areas north of the North Saskatchewan River, which typically were covered by forests; secondly, the Algonkian, including the Blackfoot, Blood, Cree, Gros Ventre, and Peigan, generally in the areas south of the North Saskatchewan, which were primarily prairie and parkland; thirdly, the Siouan, including in Alberta only the Assiniboine (some of whom are today known as Stonies), also in the southern part of Alberta, but to the east and mainly in southern Saskatchewan and south-western Manitoba; fourthly, the Kootenayan, principally the Upper Kootenay, again in southern Alberta, but along the eastern side of the Rockies.⁴ Around this time, at least two tribes, the Cree and the Assiniboine, were involved as middlemen with merchant interests in the Hudson Bay and from the St. Lawrence area.

The pre-capitalist economy of the Native Peoples was a "natural economy" (or "subsistence economy") in that the process of production

³In this context, "primitive" carries the meaning of "first" or "original", not "crude" or "unsophisticated".

⁴Diamond Jenness, The Indians of Canada, Ottawa: National Museum of Canada, 1972 (first edition, 1932).

(hunting, gathering, preparation, carrying, etc.) for food and other material necessities was organized for direct consumption, and not for the purpose of trade or exchange as emerged later in the second period and predominated in the third period. The growth of labour productivity, which was tied to the level of development of primitive tools and techniques, remained within a subsistence range. Occasional economic surpluses did arise (as did shortages), thus enabling some intertribal trade; typically, however, such surpluses were not a major or regular part of production and each band unit was self-sufficient. Correspondingly, production relations were based on simple cooperation with the division of labour, most pronounced between sexes, being limited and relatively stable. Although there were certain recognized personal belongings, there was no system of private property, for the main means of livelihood or subsistence--the "land" (including its resources)--was used in common. Hence, the social structure was roughly egalitarian, or at least without class division, and there existed no state nor rudimentary state institutions.

The second period stands as a transition between the dominance of the primitive-communal mode of production in the first period and the dominance of the capitalist mode in the third period. Merchant capital, with its corresponding class of merchants and their agents, established itself as the leading economic force in strategic areas of the region. The process was exemplified by the history of the Hudson's Bay Company (1670), one of the state-chartered trading monopolies of English colonialism. Although the hunting and gathering productive forms of the Native population predominated throughout the second period, commodity production was introduced into the natural economy through the fur trade, and some severely constrained and primitive forms of capitalist production made their first appearance. Within several decades, the development of a

portion of the pre-capitalist economy was dependent on the fur trade and subordinated to the dictates of merchant capitalist accumulation.

The second period itself had two phases. The first was a phase of rivalry. The trading rivalries involved the London-based Hudson's Bay Company (H.B.C.) and various St. Lawrence-based interests, first (French) Canadien, then after the conquest of New France, Anglo-Canadian. The principal rivalry, which grew in intensity during the period, emerged between the H.B.C. and the Montreal-based North-West Company (N.W.C.). The rivalry reached its peak during the period 1812 to 1820, which A.S. Morton claims was "the fiercest, most violent and most bloody in the none too gentle history of the North West".⁵ Marked by the 1821 amalgamation of the N.W.C. into the H.B.C., the phase of rivalry was superceded by a phase of monopoly. The H.B.C. monopoly faced increased internal and external challenges after the 1840s, but maintained its leading position in most of the Alberta region until the 1870s and 1880s.

With the 1870 transfer of Rupert's Land from the H.B.C. to the new Canadian state, the western interior was formally annexed by the Canadian state and the gates were opened for capitalist expansion. The annexation of the western interior marked the beginning of the process of "internal colonization", which was the particular form in which capitalist expansion took place. It also marked the ending of the predominance of the primitive-communal mode of production. Within two decades, despite two rebellions and other acts of resistance by Native Peoples, the new leading capitalist force centred in eastern Canada came to exercise effective political economic power over the region. The completion of the

⁵ A.S. Morton, "The Place of the Red River Settlement in the Plans of the Hudson's Bay Co., 1812-1825", Canadian Historical Association, Report, 1929, p. 105.

railway and the crushing of the North-West Rebellion in 1885 made the process irreversible. The predominance of the primitive-communal mode was replaced by the predominance of the capitalist mode.

The third period, the period of the capitalist mode, opened with Anglo-Canadian capital and the new Canadian state as the dominant power in the western interior. By 1867, an emerging class of Canadian businessmen had obtained leading positions in the colonial government of "British North America", had worked out a set of arrangements for colonial federation (of the Canadas, New Brunswick and Nova Scotia) in collaboration with the British colonial authorities, and was taking charge of the formation of a new Canadian state. This rising "national bourgeoisie" was largely English-speaking and centred in the St. Lawrence valley region and south-eastern Ontario, especially Montreal and Toronto.⁶ Its wealth derived from a long history of conquest and capital accumulation in Canada, notably in the fur and timber trades, banking, land speculation, construction, military provisioning, and some agriculture but increasingly in rivalry with English mercantilist interests and American capitalist interests. During the 1840s and 1850s, its 'coming of age' was hastened by a marked turn towards industrialization (perhaps Canada's own "mini-industrial revolution") under the primary impetus of early railway development.⁷

⁶ A brief historical overview and some bibliographical references are provided in Wallace Clement, The Canadian Corporate Elite: An Analysis of Economic Power, Toronto: McClelland and Stewart, 1975, Chapter 2. See especially Gustavus Myers, A History of Canadian Wealth; Stanley B. Ryerson, The Founding of Canada and Unequal Union; Gerald J.J. Tulchinsky, The River Barons: Montreal Businessmen and the Growth of Industry and Transportation, 1837-43, Toronto and Buffalo: University of Toronto Press, 1977.

⁷ The qualitative and quantitative significance of the 1850s and the 'railway boom' have not yet been adequately explored, although the period's general importance has long been recognized. See, for example, Adam Shortt, "Railroad Construction and National Prosperity: An Historical Parallel", Royal Society of Canada, Transactions, Sec. II, 1914, pp. 295-308; Penelope Hartland, "Factors in Economic Growth in Canada".

The chief components of the new leading business class were railway and steamship-line promoters, financial promoters, industrialists, certain church interests, and successors of the old mercantile bourgeoisie.⁸ Beginning in the late 1840s, the ascendancy of the older and more conservative merchant and allied banking interests was superceded by the newer and more dynamic industrial (including railway) and allied banking interests. The most powerful grouping among these interests was centred at Montreal in the Bank of Montreal and the Grand Trunk Railway, and tied strongly to British capital.

It was this business class based in central Canada with its controlling positions in the Canadian state that led the process of internal colonization of the Prairies and set forth the so-called "National Policy".

In essence, this same class has been the dominant politico-economic force in Canada to the present, although its independence and the independence of the Canadian economy and state have been circumscribed and seriously curtailed by certain 'special' relationships which existed first with British and, later, with U.S. capital.

Problems of Periodicization

The periods outlined in this chapter do indicate the existence of important 'turning points' or qualitative changes in Alberta's economic development. However, it is not suggested at this level of analysis that

⁸ Stanley Ryerson, Unequal Union, pp. 276-277. A useful criticism of views which would ignore or downplay the role of industrial capital in the formation of this business class is found in Stanley Ryerson's review of Tom Naylor's The History of Canadian Business. See "Who's Looking After Business?", This Magazine, Vol. 10, No. 5 and 6, November-December 1976, pp. 41-46.

the dating of particular periods or phases is a matter of microscopic precision. As Harold Innis commented in 1931 (perhaps too one-sidedly):

It is unnecessary to emphasize to historians, certainly to economic historians, the difficulties of deciding upon any precise date at which a given period ends or begins The constitutional historian or the military historian may perhaps choose the dates of treaties, acts, and battles as precise measuring points but the economic historian is interested rather in the slow accumulation of forces which gather headway long before they have been crystallized in events which are of special interest to the constitutional historian. The cumulation of forces responsible for the important developments in the eighteenth century has its roots deep in the seventeenth and sixteenth centuries.⁹

For example, although it might be argued that in legal terms, the transfer of the Hudson's Bay Company monopoly charter rights to the Canadian state took place on July 15, 1870, the actual process of "transfer" of political and economic power was more complex and extended. The change occurred--more or less decisively--in different areas of Alberta at various times during the 1870s and 1880s in relation to the establishing of the physical presence and imposing the power of the Canadian state. However, this was not simply a technical or geographical process. The arrival of a piece of railway track or a steam locomotive was not in itself decisive;

⁹H.A. Innis, "An Introduction to the Economic History of the Maritimes, Including Newfoundland and New England", in Essays in Canadian Economic History, edited by Mary Q. Innis, Toronto and Buffalo: University of Toronto Press, 1973 (first printing, 1956), p. 34. In discussing the emergence of modern imperialism, Lenin mentioned a similar concern: ". . . I have quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism 'definitely' became established." ("Imperialism", p. 267.)

what was decisive was the new configuration of socio-economic forces, represented in the arrival of this particular technology in a particular area, and the concomitant changes in the balance of socio-economic relations. Such matters as the coming of the North-West Mounted Police, the dispossession of Native lands, white settlement, steamboat and railway transportation, and the defeat of the North-West Rebellion in 1885, were all specific aspects of the particular process. Yet, through all the multitude of changing relations in this phase of development, economic life was radically transformed and the dominant power did shift.

In this perspective, it is graphic illustration to read the observations of the Rev. Dr. McQueen recalling his view of Edmonton in 1887:

The population of the town at that time was in the neighbourhood of 350. In addition to the Hudson's Bay Company's depot for its outlying posts, there were six mercantile establishments whose stocks consisted of every imaginable thing from sides of bacon to ostrich plumes. There was also a butcher-shop, a baker's, a blacksmith shop, a land office, the Edmonton Bulletin printing establishment, and a carriage-maker's shop, four churches, two schools, four hotels, a post office, telegraph office, grist-mill, saw-mill, and a brick-yard. Small settlements of homesteaders at Namao, Belmont, Stoney Plain, Clover Bar, and eastward at Beaver Lake, gave to the little village its promise of a widening agricultural industry to take the place of the receding fur trade.

. . . Across the beautiful valley on the second bench of the northern bank of the river sat the Hudson's Bay Company's Fort, while back behind on higher ground . . . stood the "Big House", the home of the Hudson's Bay Company factor, and the rendezvous and resting-place of all "the Company's" officers traveling to and from the North. There were "the seats of the mighty" indeed, for here also was a detachment of the North-West Mounted Police. The one represented the old régime and the other the transition stage between the old and the new order of things.¹⁰

¹⁰E.A. Corbett, McQueen of Edmonton, Toronto: Ryerson Press, 1934, pp. 36-38.

In dating the earlier period a similar problem arises. At first glance, it might appear obvious to date the penetration of merchant capital with the first known visit to Alberta of a fur trader. From available evidence this could be 1754, when Anthony Henday, an agent of the Hudson's Bay Company, arrived in Alberta and, with the help of some Crees and Blackfoot, reconnoitered the potential for trade in parts of central Alberta as far west as Rocky Mountain House. However, one might also consider the distinct possibility of an earlier unrecorded venture (or ventures), probably by a trader attached to La Verendrye or one of his successors, for the trade based in New France. As well, one must take into account that the impact of European mercantilism had been felt in the region of Alberta well before the arrival of any particular companies or their agents.

An established trade in furs had existed along certain major waterways in eastern Canada as early as the second half of the 16th century,¹¹ and the Spanish conquest and trade in central America and areas bordering on the Gulf of Mexico had been making its presence felt in southern and western North America from early in the 16th century. Indeed, major migrations and changes in the politico-economic life of indigenous peoples in North America--including warfare and genocide--had been taking place for well over two centuries as a consequence of generally expanding European conquest and trade.¹² In Alberta, for instance, both horses and firearms

¹¹Harold A. Innis, The Fur Trade in Canada: An Introduction to Canadian Economic History, Toronto: University of Toronto Press, 1970 (first edition, 1930), Chapter 2.

¹²See, for example, Arthur J. Ray, Indians in the Fur Trade: their role as trappers, hunters, and middlemen in the lands southwest of Hudson Bay, 1660-1870, Toronto and Buffalo: University of Toronto Press, 1974, Chapter 1; E. Palmer Patterson II, The Canadian Indian: A History Since 1500, Don Mills: Collier Macmillan Canada, 1972, pp. 57-106.

had been known and used prior to Henday's arrival; horses had been introduced from the south, and firearms from the Hudson Bay. From the beginnings of the Hudson Bay trade, certain groups of the Native population, notably among the Cree and the Assiniboine, had acted as middlemen between trading posts on the Hudson Bay and other groups in the interior, such as the Blackfoot. It has been suggested that between 1700 and 1720 parts of eastern Alberta were already 'hinterland' areas of trade for the Fort Churchill and York Factory posts on the Hudson Bay.¹³

Nevertheless, while the main trend of westward expansion of the fur trade was evident in the arrival of Henday, it could not necessarily be said to have been 'established'. Innis claims that, "In 1736 the gap between Lake Superior and Lake Winnipeg had been bridged, but the representatives of the trading company were very reluctant to push trade farther west."¹⁴ Yet some particular traders such as La Verendrye did push trade farther west, thereby attempting to consolidate and advance against the rival English trade out of Hudson Bay. During the succeeding years there were several cases of major explorations and the advance of trade, but there were also several cases of temporary and abandoned posts as far west as, for example, Fort La Jonquière (1751).¹⁵ Thus, although the trade had penetrated it had not yet been regularized or consolidated.

Since one is trying to determine when the fur trade in Alberta became not merely an accidental or transitory phenomenon but a direct and irrevers-

¹³Arthur J. Ray, op. cit., Chapter 3.

¹⁴H.A. Innis, The Fur Trade, p. 92.

¹⁵Fort La Jonquière may have been built within sight of the Rocky Mountains, possibly near Calgary. (Ibid., p. 95.) More likely, it was built in Saskatchewan, not far from the junction of the North and South Saskatchewan Rivers.

ible force in economic development, indications of the existence of permanent trading centres and areas geared to commodity production are key. These seem to arise in the western interior following the English conquest of New France (1759-63), which ended serious competition from Canadien and French merchant capital. But the conquest also gave rise to a new rivalry. Superceding the Canadien traders were some arriviste Scottish and English traders who sought to take advantage of the conquest, which was also the conquest of a lucrative fur trade. The American Revolution (1775-1783) and Jay's Treaty (1794) led to a major shift in the Montreal-based trade from their traditional areas in the southwest, which were coming under increased pressure from U.S. westward expansion, toward the northwest. This shift precipitated sharpened attacks on the Hudson's Bay Company trading monopoly in the area southwest of Hudson Bay and led to the era of intensifying rivalry between English merchant capital and Anglo-Canadian merchant capital for control of trade in the western interior.

Soon after their arrival, the Montreal independents, who were characterized haughtily by the H.B.C. as the "Pedlers", posed a competitive threat to the H.B.C.'s monopoly. As in earlier phases of competition, the H.B.C. responded by pushing trade farther inland. In 1774, the H.B.C. opened its first permanent post in the western interior, Cumberland House (in eastern Saskatchewan). To compete more effectively for the trade in the northwest, a group of the Montreal independents formed the North West Company, a joint partnership which developed out of various seasonal alliances of groups of Montreal-based independents.¹⁶ The first North West

¹⁶ Some leading partners of the N.W.C. during its 42 years were Simon McTavish, the McGillivrays, Alexander MacKenzie, David Thompson, two Simon Frasers, Peter Pond, the Frobishers, Isaac Todd, the McGills, John Richardson, and John Ogilvy.

Company (N.W.C.) was established in 1779. This was succeeded by the North West Companies of 1780-82, 1783-87, 1787-1894, 1804-21, and a temporary breakaway from the N.W.C., the XY Company of 1798-1804. In 1792, near present-day Elk Point, Fort George (N.W.C.) and Buckingham House (H.B.C.) were established. This was followed in 1794 and 1795, respectively, by Fort Augustus (N.W.C.) and Edmonton House (H.B.C.), both about 20 miles east of present-day Edmonton. These were the westernmost posts until the next major westward jump was made in 1799 with the establishing of Rocky Mountain House (N.W.C.) and Acton House (H.B.C.), about 200 miles further upstream. Although the sites of Fort Augustus and Edmonton House were moved in 1802 and again in 1810 and 1813, after which the last was continuously occupied, it is evident that a permanent trading presence and the beginnings of commodity production were set in place in this area of Alberta during these decades.¹⁷

Thus, one can say that by the beginning of the 19th century, merchant capital had penetrated and established itself in Alberta. Similarly, in relation to the beginning of the third period, one can say that with the completion of the C.P.R. and the defeat of the North-West Rebellion in 1885, capitalist power and, together with it, the capitalist mode, had come to lead and to dominate the development of Alberta.

¹⁷ See A.S. Morton, A History of the Canadian West to 1870-71, London: Thomas Nelson and Sons, 1939, p. 511; J.G. MacGregor, Edmonton, A History, Edmonton: Hurtig, 1967, Chapters 1,2; Ernest Voorhis, Historic Forts and Trading Posts of the French Regime and of the English Fur Trading Companies, Ottawa: Department of the Interior, 1930, pp. 34-35. For a brief period the XY Company also set up an outpost in the Edmonton area.

The Phases of Capitalist Development

With the growth of world markets and the spread of capitalist production, distribution, and exchange through the world, including into the colonial system, economically disparate and scattered regions were drawn rapidly into the international capitalist system. As parts of this system, development in regions such as Alberta was increasingly related to developments in other areas of the system, particularly the areas of the most advanced development. Because of this interrelated character of the development of capitalism in Alberta with the development of capitalism in general, it is necessary to consider the development of capitalism in the Alberta region in relation to the levels or stages of development of capitalism at a world level.

Viewed from this world-level standpoint one can discern five main phases marked, respectively, by the rise of monopoly capitalism (modern imperialism), the rise of state-monopoly capitalism and the first stage of the general crisis of capitalism, the second stage of the general crisis, and the third stage of the general crisis.

At a world level, the era of competitive capitalism was superceded by the era of monopoly capitalism at the beginning of this century: ". . . the beginning of the twentieth century marks the turning point, not only in the growth of monopolies (cartels, syndicates, trusts), . . . but also in the growth of finance capital."¹⁸ Because of its colonial past, the Alberta region never had a period when capitalist competition was predominant over monopoly; however, the impact of imperialism in Alberta was enormous, further extending and consolidating the domination by monopoly

¹⁸V.I. Lenin, "Imperialism", p. 259. See also p. 202, and the Appendix of this thesis.

capital. This qualitative change in Alberta development is evident during the first decade of the century, and was reflected in a wave of change in railways, mining, irrigation, financial expansion, the 'wheat boom', etc.. Chapters 7 and 8 will treat the key features of this transformation.

Monopoly capitalism--imperialism--has itself undergone several major changes since the beginning of the century. The first of these major changes was the emergence of state-monopoly capitalism in conjunction with the First World War (1914-1918) and the October Revolution in Russia (1917). Again, as a result of Canada's colonial history and its special relation to rival U.S. capital, the role of the Canadian state was somewhat more prominent than in countries of a relatively higher level of development. Nonetheless, a qualitative advance in the state role and the formation of state-monopoly capitalism took place during the First World War in response to the outbreak of the general crisis. This transformation was felt strongly in Alberta, although the federal state structure of Canada complicates viewing of the picture. The new stage in capitalist development was reflected in a wide range of areas in provincial and federal components of the state, such as railways, war manufacturing, labour policy, policing, grain marketing, etc.. Chapter 10 will treat the key features of this and the later phases of monopoly capitalism.

The second stage of the general crisis of capitalism occurred as a result of the Second World War (1939-1945). The defeat of fascism, which itself was an outgrowth of the ongoing crisis of capitalism since World War I, especially the 'Great Depression', saw the increased organization and power of the labour movement, the weakening of the colonial system, and the expansion of socialism. Earlier, out of the First World War, a new balance of international forces had emerged in which the U.S. was replacing Britain as the most powerful capitalist state in the world,

a position confirmed during the Second World War. In Canada during the interwar years, the U.S. replaced Britain as the leading imperialist power, a shift which also appeared in Alberta. However, it was in the 1940s, particularly in the later 1940s, when the Cold War reaction to the advances of anti-capitalist forces was unleashed, that the role of U.S. imperialism in Canada increased most sharply. In Alberta, this was especially apparent in natural resource development. Thus, one primary feature in the transformation of state-monopoly capitalism in Alberta, which reflected the response of Canadian and U.S. capital to the second stage of the general crisis, was a sharpening 'continentalism', that is, an intensification of processes leading to Canadian-U.S. integration. Underlying this and the other stages of general crises has been the intensification of class antagonism between labour and capital which, as will be considered later, is reflected in such indicators as a major growth in the strike movement.

The third stage of the general crisis began in the middle and late 1950s. Unlike the previous stages, the third stage did not grow out of world war but, like the other stages, there was an exacerbation of internal contradictions in the capitalist mode.¹⁹ The growth of the twin problems of inflation and unemployment, the rise of national liberation movements, such as in Vietnam and Cuba, and the break-up of the colonial system were some reflections of these contradictions. By the late 1960s, Canada and Alberta had been deeply affected by the transformed situation. Thus, for example, the Canadian state imposed its first-ever peacetime wage controls between 1975 and 1978. Of particular importance to Alberta was the changed balance of international relations emerging in the 1960s, which

¹⁹ A brief, although somewhat sketchy, discussion of the essence and stages of the general crises of capitalism is available in G.A. Kozlov (general ed.), Political Economy, Chapter 13.

turned the terms of trade for several primary commodities, notably oil, to the advantage of many 'less developed' countries, and indirectly brought about a major wealth transfer into the Alberta region.

We presently remain in this third stage of the general crisis, which has intensified even more sharply in the last few years. It is likely a new stage will be apparent before long.

Chapter Six

The Beginnings of Capitalist Development in Alberta and the Western Interior

I say that we have been patient a long time, and when we say that, mild words only serve as covers for great ones to do wrong, it is time when we were justified in saying that robbery is robbery everywhere, and the guilty ones are bound by the force of public opinion to take notice of it.

Louis Riel (1885)

Two Paths

As has been treated in greater depth elsewhere¹, there were two primary paths of transition from feudalism to capitalism. In the first, more 'revolutionay' path, the independent small producer (independent artisan, small guildmaster, peasant proprietor, etc.) gradually expands production for the market and grows increasingly dependent on wage-labour, thus becoming a capitalist. In the second, the merchant enters directly into the control of existing forms of production and becomes a merchant-manufacturer or capitalist.

The particular history of the capitalist mode in the western interior reveals the existence of both paths in the genesis of capital accumulation, although they are modified by the colonial circumstances of development and lagged in their historical appearance. In order to identify the paths while taking into account the colonial or alien character of earlier capitalist development, it is necessary to distinguish between

¹See the Appendix, and K. Marx, Capital, Vol. III, Chapter XX.

those capitals being accumulated outside the 'hinterland' region whose operations are extended into the 'hinterland' region, and those capitals being accumulated inside the hinterland region whose operations are inside the hinterland region. The paths of development of the 'outside' capitals have often been intertwined with the paths of regional capitals, but the former has played the more powerful determining role. The second path is most evident in the history of the fur trade and the Hudson's Bay Company, and accounts in part for the low level and dependent character of productive development in the western interior.

Merchant Capital and the Hudson's Bay Company

After many years of intense struggle, it became evident that the H.B.C.'s powerful financial position, shorter and superior transportation system, and direct access to English manufactures and markets were sustaining it against the overextended North West Company. A merger was forced on the N.W.C., which was consummated in 1821. Thereafter, until 1870, the H.B.C. enjoyed a virtual monopoly on commerce in the western interior. Increased challenges came from independent "free traders", particularly after the 1840s,² but this did little to alter the H.B.C.'s effective dominance. By the 1860s a tolerant coexistence had developed to the extent that independent merchants traded regularly within short distances of H.B.C. ports such as Fort Edmonton. However, in southern

²See, for example, R.C. Macleod, "The Problem of Law and Order in the Canadian West", in L.G. Thomas (general ed.), The Prairie West to 1905: A Canadian Sourcebook, Toronto: University of Toronto Press, 1975, p. 134; Irene M. Spry, "The Transition from a Nomadic to a Settled Economy in Western Canada, 1856-96", Royal Society of Canada, Transactions, Vol. VI, Series IV, June 1968, Section II, pp. 187-188.

Alberta, a more substantial rival, the American I.G. Baker Company had advanced by the 1870s from its base in Montana (and continued as the principal merchant rival of the H.B.C. in Alberta until the H.B.C. purchased its posts in 1892).

In defending and consolidating its monopoly trading position, the H.B.C. was following out the historical 'logic' of the chartered trading monopolies, which were a primary feature of European mercantilism.³ The chartered trading monopolies can be traced from local guild monopolies as early as the 13th century to the regulated trading companies of the 16th and 17th centuries (such as the Moscovy Company (1555), the Kathai Company (1576), the Levant Company (1592) and the Newfoundland Company (1610)), to the more advanced joint-stock companies of the 17th and succeeding centuries (such as the East India Company (1600), the Royal African Company (1672), and the Hudson's Bay Company (1670)).

Following the Industrial Revolution (1760-80) and the rising power of industrial capital and "laissez-faire" ideology (economic liberalism), the position of merchant capital and state-chartered trading monopolies began to decline. By the mid-18th century, all but two of the British chartered monopoly companies had wound up or declined in significance: the Hudson's Bay Company and the East India Company.⁴ During the decades prior to the victory of "free trade" in the 1840s, there were some companies chartered "with limited objects", notably in Canada, the Canada Company (1826) and the British American Land Company (1834). Also,

³See, for example, Maurice Dobb, Studies in the Development of Capitalism, New York: International Publishers, 1973 (first edition, 1947), Chapters II-V; Sir Percival Griffiths, A Licence to Trade: The History of English Chartered Companies, London and Tonbridge: Ernest Benn, 1974, Introductory and Chapter 1.

⁴Sir Percival Griffiths, op. cit., p. 215.

with the rise of modern imperialism in the late 19th century, there was renewed interest in the use of chartered monopolies in certain colonial areas of Africa and Asia. However, the 1840s marked the end of the mercantilist era, and the ascendancy of industrial capital. During the succeeding two decades, the H.B.C.'s monopoly came under increasing attack, not only from within North America, but from rival capitalist interests in Britain itself.⁵

The H.B.C. charter of May 2, 1670, was regarded "even in those days of lavish royal dispensations . . . as of an extremely liberal character".⁶ The capitalistic "Adventurers" of the Company, chartered as "The Governor and Company of Adventurers of England trading into Hudsons Bay", were named for the adventuring of capital (and not necessarily themselves) in overseas trading and colonial functions. The English state (through Charles II) granted freehold the entire territory drained by the Hudson Bay, to be called "Rupert's Land", including fishing and mineral rights. The H.B.C. was to have "the sole trade and commerce" in the vast area, and could "make bye-laws, etc., for the good government of their forts, plantations, and factories, and may impose fines, etc., on offenders." Since the H.B.C. was, in principle, an extension of the Crown, the Company could "send ships of war, ammunition, etc., and may erect forts in their territories [of non-Christian 'potentates', in effect, of the Native Peoples], as well as towns; may make peace and war with any Prince or people not Christian; also may make reprisals on any others interrupting or wronging

⁵ John S. Galbraith, "The Hudson's Bay Company under Fire, 1847-1862", Canadian Historical Review, Vol. XX, No. 4, December 1949, pp. 322-335.

⁶ George Cawston and A.H. Keane, The Early Chartered Companies, London: Edward Arnold (Publisher to the India Office), 1896, p. 157.

them; may seize on or send home all such English or other subjects sailing into Hudson's Bay without their licence, etc.".⁷

The H.B.C. was controlled by merchant capital out of London and revealed the general characteristics of merchant capital in the process of capital accumulation. Merchant capital, like all capital, was propelled by the driving force of private profit, but unlike productive (or industrial) capital, merchant capital obtained surplus value in the sphere of the circulation, essentially, by buying (or robbing) cheap and selling dear. By exploiting the differences between production prices of different commodities and economies, merchant capital was able to accumulate vast sums without necessarily contributing added value to commodities. In order to maintain its highly profitable control of price differentials and eliminate the threat of price-cutting competition, merchant capital employed a variety of techniques designed to monopolize the supply of commodities it traded. These ranged from the gentlemanly exercise of "market power" and "comparative advantage" to militarily enforced monopoly unabashed cheating, stealing, and 'legalized' piracy, all at the expense primarily of Native producers and, to a lesser extent, of its own employees.

As merchant capital is dependent upon existing modes of production for the objects of its trade, merchant capital has been a "conservative" force in the development of productive systems. Marx observed that "wherever merchant's capital still predominates we find backward conditions" and suggested that "the independent development of merchant's capital is inversely proportional to the degree of development of capitalist produc-

⁷ Ibid., pp. 158-160.

tion."⁸ In contrast to merchant capital, with its tendency towards controlling and restricting supply to raise prices, industrial capital in its competitive stage tended to accumulate by creating its own markets through lower cost-prices and increased volumes in production.⁹ To achieve these latter competitive advantages, industrial capital was compelled continually to advance and even revolutionize productive processes by means of scientific-technological and organizational innovation, increases in the scale of production, and changes in the quantity and quality of labour.

Consequently, the advance of capitalism in Alberta was not tied directly to the advance of merchant capital in the fur trade; indeed, the internal development of capitalist production, which was subordinate if not incidental to the trade, was held back by merchant capital. Prior to the 1870s and 1880s, merchant capital in the person of the H.B.C. maintained a long-standing strategy against settlement and industrialization in the western Prairies because of the so-called "hostility of beaver and plow". The primary threat to the H.B.C. was not the ecological impact of settlement, but settlers as a potential source of competition. It is not surprising that the major driving force for capitalist development in the western interior came not from inside the H.B.C., nor from the Prairies itself, but from the outside; principally, from industrial and banking interests centered in Montreal, Toronto, and London, England.

Pressures for westward expansion had been rising during the 1850s, but a key event was the takeover in the 1860s of the property and charter of the H.B.C. by industrial-banking interests. Leading this move was

⁸Karl Marx, Capital: A Critique of Political Economy, edited by F. Engels, London: Lawrence and Wishart, 1974 (first German edition, 1894), Vol. III, pp. 327, 328.

⁹See Appendix.

Edward B. Watkin, President of the London-based Grand Trunk Railway, and a noted proponent of the building of a transcontinental railway. He was assisted in the takeover, executed formally in June, 1863, by the firm of Thomas Baring and George Glyn, London bankers to the Grand Trunk and Canadian colonial government.¹⁰ The takeover accomplished two objectives. Firstly, the H.B.C. was put under the ultimate control of interests who favoured colonial federation and westward capitalist expansion. Secondly, the takeover strengthened British imperial interests by counteracting the drift towards U.S. annexation of the North-West, particularly the Red River settlement, and of British Columbia. The next major change to the "old" H.B.C. came in 1869 and 1870 when the Company's monopoly charter was transferred to the new Canadian state, through the Imperial government, for a cash payment of 300,000, plus one-twentieth of the land in each township in Rupert's Land, plus a substantial parcel of land surrounding each of the H.B.C.'s trading posts.

An almost immediate resistance against the Canadian annexation erupted in the Red River Rebellion of 1869-70, a resistance which was reflected in various forms in succeeding years,¹¹ but most decisively in the North-West Rebellion. The resistance of the Metis people to the establishing of a white settler state in the western interior became one part of the long history of power relations and struggle of the Native People with European expansion. However, the character of the struggle and the nature

¹⁰For a brief account of the takeover effect, see W.T. Easterbrook, and H.G.J. Aitken, Canadian Economic History, pp. 345-346; G. deT. Glazebrook, "A Letter on the West by Sir Edmund Head", Canadian Historical Review, Vol. XXI, No. 1, March 1940, pp. 56-59; and Glyndwr Williams, Highlights of the First 200 Years of the Hudson's Bay Company, Winnipeg: Peguis Publishers, 1976, Chapter X. For some material on other developments during the period, see W.L. Morton, The West and Confederation, 1857-1871, Historical Booklet No.9, Ottawa: Canadian Historical Association, 1968.

¹¹See, for example, G.F.G. Stanley, "The Half-Breed 'Rising' of 1875", Canadian Historical Review, Vol. XVII, No. 4, December 1936, pp. 399-412.

of politico-economic relations were qualitatively different during the era of mercantilist trade than those which emerged after the arrival of industrial capitalist power. Although the fur trade eroded the hunting and gathering form of production of the Native population, merchant capital did not stand in a directly antagonistic relation to it, as did capitalist production. As intermediary, merchant capital relied upon the pre-existing mode of production to provide the fur product for its trade.

The fur trade bridged the gap between the aristocratic consumers of high-priced luxury articles of fashion in the densely populated centres of the nations of Europe and primitive peoples collecting the raw material over vast areas during the winter season for concentration during the summer season at points to be exchanged for European goods.¹²

In the course of fur trade development, certain functions, particularly in transportation, were taken over directly by the H.B.C., but one must emphasize that the labour of Native producers remained throughout the foundation upon which the entire trade was erected. That labour included the hunting, trapping, preparing, and carrying of furs and, as well, food. The amount of labour expended in hunting and trapping varied considerably depending on a multiplicity of factors such as the form, distances, and conditions of transportation, the fertility of the area for fur-bearing animals, weather, and the experience of the hunter. The process of preparation, which was typically "woman's work", also varied in time expended but within more definable limits. "Skinning out" could take up to 30 minutes per pelt. Next, stretching required the building of a frame to act as stretcher and the lacing of the skin to the stretcher; this could take

¹²H.A. Innis, "Forward", in Murray G. Lawson, Fur--A Study in English Mercantilism, 1700-1775, Toronto: University of Toronto Press, 1945, p. vii.

up to 45 minutes per fur. Then followed the defleshing (scraping), the storing, which needed some supervision, and carrying to the post for sale. The sum of these labours meant not only risk, especially in hunting, but required considerable experience and skill. Thus, the trading company was 'capitalizing' on labour capacity it did not possess and would have found difficult to introduce to Europeans, and was placing a considerable burden on the Native producer in cushioning the company from unpredicted natural or other occurrences. The introduction of the rifle and metal traps increased the number of pelts a hunter could provide in a given time; however, there is little to indicate that the standard of living of the producing population increased as a result. Although very little quantitative evidence presently exists, general observations seem to show that over the years of the fur trade, the portion of time devoted to labour for trade as opposed to labour for direct consumption grew substantially. In effect, Native producers became increasingly dependent on a form of simple commodity production.

The drive towards monopoly in the fur trade was an essential aspect of the expansion of merchant capital. Rivalry between French and Canadian traders, the H.B.C. and the N.W.C., the N.W.C. and the breakaway XY Company¹³, and the H.B.C. and the I.G. Baker Company¹⁴, all ended in

¹³ A split in the N.W.C. led to the formation of a breakaway fur company, the XY Company, in 1799, which was followed by a period of fierce and often violent rivalry, then a reuniting with the N.W.C. in 1804. (See A.S. Morton, "The Place of the Red River Settlement", pp. 103-104; Marjorie W. Campbell, The North West Company, Toronto, Macmillan Company of Canada, 1973 (first edition, 1957), Chapters VI and VII.)

¹⁴ As noted earlier, the I.G. Baker Company, based in Fort Benton, Montana, was a rival to the H.B.C. in southern Alberta, but was taken over by the H.B.C. in 1892.

the formation of monopoly. And with monopoly came improved terms of trade against the Native population, greater power over employees engaged in fur trade operations, and higher profits.

There has been some scholarly debate over the quantitative impact of competition and monopoly in the trade, and more work needs to be done in this area. As the general impact of fur trade competition seems increasingly to be recognized, the Native population is receiving increased attention as an active participant in the development of the trade:

While the fur trade was an aspect and an agent of the extension of metropolitan dominance, it was, at the same time, a socio-cultural complex in which Indians, mixed-bloods, and whites were intertwined. From this latter perspective new 'facts' and new questions emerge. From a socio-cultural context it is readily apparent that the fur trade was as much an Indian creation as it was European. It was the Indian who had the major say in determining what quantity and quality of goods would be traded. And it was the Indian who was the major determinant in assigning relative prices to European goods and western furs and provisions. Similar findings emerge as the drama of the fur trade unfolds. The Indian is no longer a largely inert environmental factor.¹⁵

While there is a positive aspect to this approach, it would be mistaken, in effect, to elevate 'consumer sovereignty' in the fur trade. The introduction of commodity production, dependency, racism, and the intense struggle for and against monopoly remain 'facts' of the trade, although most writers have been less inclined to cast light on the role of these elements in early capital accumulation.¹⁶

Arthur Ray has argued against the views of E.E. Rich which suggest

¹⁵John E. Foster, "Rupert's Land and the Red River Settlement, 1820-70", in L.G. Thomas (general ed.), The Prairie West to 1905, p. 20.

¹⁶One notable exception has been Gustavus Myers, A History of Canadian Wealth.

that "there was no attempt on either side to raise prices in accordance with the laws of supply and demand", and that despite "some accepted adjustment according to the locality or the personalities involved", the H.B.C.'s 'standard of trade' was applied whether "furs were scarce or plentiful, and whether goods were in supply or not". Once a trade convention was established "there was no breaking it with safety".¹⁷ Similarly, according to Abraham Rotstein, "competition did not typically take the form of price competition" but that "differences in the standard proved, in the dynamic and peculiar nature of the fur trade, to be of secondary importance to other forms of competition".¹⁸ Without denying (although downplaying) that "politics was an integral part of the fur trade",¹⁹ Ray shows that rivalry did have an impact on terms of trade with the Native population.

The medium of exchange which emerged in the fur trade by the end of the 17th century was the 'made beaver' (MB). The MB was defined as equivalent to the value of "a prime whole beaver skin on the London market"²⁰ which, according to Innis, was valued at between one to two shillings.²¹ The H.B.C. governor and committee established annually what were, in effect, price lists. MB values were assigned "to all European trade goods

¹⁷Cited in Arthur J. Ray, "The Hudson's Bay Company fur trade in the eighteenth century: a comparative economic study", in James R. Gibson (ed.), European Settlement and Development in North America: Essays on geographical change in honour and memory of Andrew Hill Clark, Toronto and Buffalo: University of Toronto Press, 1978, p. 120.

¹⁸Cited in *ibid.*, p. 120.

¹⁹*Ibid.*, p. 120.

²⁰*Ibid.*, pp. 116, 118.

²¹See H.A. Innis, The Fur Trade, pp. 318-319.

in what was known as the standard of trade and equated all of the Indians' fur and 'country produce' in terms of MB in the comparative standard."²² Ray argues that while the standard of trade remained relatively stable over long periods of time, there was other evidence which indicated the existence of "price flexibility".²³ Ray's evidence suggests that rivalry --and monopoly--did play an important role in determining the terms of trade and would be a primary aspect of any analysis of exploitation in the fur trade.

Ray claims there were two pertinent areas of exchange that reflected competitive pressures. The first was the existence of de facto rates of exchange at the post or factor level, which deviated from the official standards. These took place in haggling over the discounts for variations in the quality of furs brought to the posts and, by the late 17th century, bargaining over the rates at which certain trade goods would be exchanged:

In the case of discrete items like kettles and guns the factors simply demanded more furs than the standard of trade specified. In the case of items that were measured at the time of trade like cloth, powder, tobacco, or brandy more subtle means were used to advance prices. In these instances short measures were given, scales were surreptitiously weighted, or water was added prior to exchange, as became customary when dispensing brandy. An examination of Andrew Graham's observations [1767-1791] suggests that almost 65 per cent of the gain that was made by unofficially advancing trade good prices came from items that had to be measured at the time of trade.²⁴

The degree of increase in prices obtained as a result of these practices can be measured by analysing the role of the 'overplus' in trade, where

²²A.J. Ray, op. cit., p. 118.

²³See also, A.J. Ray, Indians in the Fur Trade, pp. 53 ff.

²⁴A.J. Ray, "The Canadian fur trade", p. 122.

the "overplus represented the portion of the fur returns (valued in MB) that had been obtained by applying the factors' standard."²⁵ Ray concludes that the 18th century competitive conditions he studied, particularly at York Factory, "clearly influenced the amount of overplus gained in the trade".²⁶

The second area of exchange grew out of the traditional Indian pre-trade gift-giving ceremony. Ray tries to show that as rivalry intensified gift-giving became an increasingly expensive practice, relative to expenditures for food and services rendered by the local Native population, which remained relatively stable.²⁷ He concludes that this was because the French and English competition "tried to outbill each other in the lavishness of their presents in order to materially demonstrate their greater friendship for the Indians."²⁸

While there are a variety of essential questions left unanswered in Ray's approach, including the treatment of monopoly, consideration of London exchange in relation to post exchange, the problem of labour equivalents, the growth of commodity production and dependency, the role of technical change on costs, 'political' (and criminal) factors, etc., Ray does at least point to the importance of rivalry in the economics of the trade. The implications for later phases of the fur trade are even more evident. Ray himself suggests that the "cutthroat nature of competition that characterized the period from 1763 to 1821 led to a dizzying spiral in the relative value of the Indians' furs that far outpaced their demand

²⁵Ibid., p. 123.

²⁶Ibid., p. 123.

²⁷Ibid., p. 128.

²⁸Ibid., p. 128.

for most durable goods."²⁹ The result of sharpened rivalry, according to Ray, was that "the abuse of alcohol was probably inevitable", and that "Only strong monopolistic control by one of the European groups could have prevented it, given the absence of any powerful local government to regulate it."³⁰ Indeed, if as Ray implies, the inevitable, 'logical', result of rivalry is the "abuse of alcohol", which is but a mild if not misleading designation for some of several notorious and systematic practices against the Native producers, then the predatory character of the trade is revealed. The "abuse" or, perhaps, 'use' of alcohol and other techniques, were the exercise of socio-economic power 'by other means': in effect, they were an essential, not accidental, part of the trade, albeit ones that might have appeared more prominently in times of intensified rivalry. What Ray's conclusion also points to indirectly is the essentially exploitive and oppressive character of capital in the fur trade: when its monopoly hold on the extraction of surplus was threatened, the resort of capital was to deception, robbery, intimidation, brute violence, and other open predations.

The advantage to capital of monopoly was reflected in the profits of the fur trading companies. For example, Innis points out the tendency of the N.W.C.'s returns to decline after 1804, during the period of intense rivalry with the H.B.C..³¹ On the other hand, after the H.B.C. monopoly amalgamation in 1821, profits increased, though with some fluctuations, and geographic data from certain periods shows that "Profits from

²⁹Ibid., p. 134.

³⁰Ibid., p. 135. Ray does not make it clear as to whose abuse he is referring.

³¹H.A. Innis, The Fur Trade, pp. 258-259.

non-competitive departments offset losses in competitive areas."³²

While the fur trade generally held back the development of capitalist production and while the main force for capitalist expansion came from outside the fur trade, the roots of certain elements of capitalist development were partly located in fur trade. Firstly, one prerequisite of capitalist development, the advent of markets and commodity production was a consequence of the fur trade. With the fur trade one sees the rise of limited markets and the beginnings of permanent settlement geared to these markets. By the 1870s, several trading centres had been implanted in strategic transportation areas, mainly in central and northern areas of the Alberta region, including posts in the vicinities of present-day Edmonton, Fort Assiniboine, Fort Chipewyan, Fort McMurray, Fort Vermilion, Jasper, Lac La Biche, and Rocky Mountain House. The development of these centres had major effects on later settlement patterns; significantly, some of the earliest 'settlers' were former employees of the H.B.C..

During the early years of the trade, the production of furs, some provisioning, and freighting was occasional and incidental to the natural economy of the Native population. But as trade increased, including the introduction of new techniques, so did Native production become geared increasingly to production for the trade. The process was accelerated by the existence of a medium of exchange, the MB, since the late 17th century. The growth of commodity production in the hunting and preparation of furs and some provisions took place among relatively scattered and independent groups of Native people, and not with wage-labour. As such, this was not capitalist commodity production (nor even an advanced simply commodity production) but part of its prelude.

³²Ibid., p. 336. See also p. 337.

Secondly, the trading firms, particularly the H.B.C., contained elements of capitalist production, although owned and controlled by merchant capital and subordinated to the fur trade. The H.B.C.'s policy of "self-sufficiency",³³ which strengthened its economic and military position against the Native population and rivals, as well as gave it greater control over its own employees, required the development of some productive capacity under its direct control. The capitalist forms of production within the H.B.C. are notable for they were the first instances of the capitalist mode of production in Alberta. They were of two types, the first in transportation and the second in small-scale production in and near the posts.

From the earliest days of the canoe, water transportation advanced more rapidly in its techniques, organization, and capitalization than most productive activities associated with the fur trade. The emergence of the York boat, in its construction, operation, and ownership, indicated a concentration of capital and labour significantly beyond that existing previously: "Dependence on the York boat rather than the canoe was symbolic of the increasing importance of capitalism."³⁴ The movement of commodities is viewed here as an area of productive activity, as distinct from trading activity. Industrial capital, in its general sense, includes the materially productive sectors of economic activity, roughly, manufacturing, extractive industry, transport and agriculture (including ranching). In this context, capital in transport is a part of the productive process, in this case, of furs, but in the sphere of circul-

³³For further discussion, see *ibid.*, pp. 299-304.

³⁴*Ibid.*, p. 387.

ation, which was controlled principally by H.B.C. merchant interests.³⁵

The small-scale production centred at posts also reflected early capitalist development. This was not capitalist development at the "factory" stage, nor at the "manufactory" stage; rather it was industrial development at an early level of the first stage--capitalist simple co-operation. This stage was more evident in, say, transportation with the York, than in activities at the post. Nonetheless, wage-labour and capital were clearly separated, and the process of wage-labouring took place at a common work site controlled by the capitalist. Unlike higher stages of industrial development, the labour tasks performed were not in a serial or heterogeneous process with a specialized division of labour for each commodity, which was typical of manufactory production. Of course, neither was there the large-scale machine production of the factory stage. The production which did occur tended to be handicraft-related. It included boat-building, baking, forging and blacksmithing, and construction. Small furnaces, forges, utensils, and iron works were made, but basic tools, which included a wide variety of saws, files, knives, axes, squares, molds, anvils, and awls used by the workers, were generally imported.³⁶ There

³⁵This present analysis leads to treating later railway development as an aspect of the development of industrial capital and the emergence of a non-mercantile bourgeoisie in Canada, in contrast, for example, to the position taken prominently in Tom Naylor, The History of Canadian Business, Toronto: James Lorimer and Company, 1975, 2 vols.. Two of the earliest written criticisms of Naylor's position were contained in Steve McBride, "Getting Naylor Straight", Canadian Dimension, Vol. 10, No. 2, June 1974, pp. 2, 55-56; and Stanley B. Ryerson's review "Who's Looking After Business", This Magazine, Vol. 10, No. 5 and 6, November-December 1976, pp. 41-46.

³⁶See "indent" forms for Fort Edmonton, City of Edmonton, Department of Parks and Recreation, Fort Edmonton Park.

were also limited efforts at agricultural production, for which seeds, farming utensils, and some cattle were imported into Alberta.³⁷

In general, the above productive activities of the H.B.C. were carried out directly for the internal use of the H.B.C. and not for exchange. Even when in 1871 the H.B.C. developed the first steamboat transportation on the Saskatchewan, only the Company's merchandise was carried. This lasted until 1880, when the steamboats were opened up for all traders into a general transportation business; however, the business was sold to Winnipeg interests not long after.

The third source of capitalist development in Alberta was in the emergence and growth of wage-labour. The existence of a class of persons, generally propertyless, who must out of necessity sell their labour-power for a wage is a prerequisite of the capitalist mode. By itself, this is not a sufficient condition for capitalism, since under capitalism, productive property, the means of production, are under predominantly private ownership by a class of persons, capitalists, who are separated from wage-labour in that they are owners, buyers of labour-power, and derive their incomes from private profit-taking. Clearly, this was not the case in the natural economy or in the commodity production of the Native Peoples whose fur production did not involve the use of wage-labour, and where the main means of production (the land, including its resources) were largely controlled and used directly by Native producers.

According to the testimony of Sir George Simpson before the English Parliamentary Select Committee on the Hudson's Bay Company in 1857,³⁸ the

³⁷The first cattle appeared in Alberta about the 1830s but cattle raising as an activity did not progress until much later, in the 1870s and 1880s.

³⁸See John E. Foster, op. cit., pp. 32-34; H.A. Innis, The Fur Trade, pp. 310-311; John W. Chalmers, "Social Stratification in the Fur Trade", Alberta Historical Review, Vol. 17, No. 1, Winter 1969, pp. 10-20.

H.B.C. had about 1,200 permanent "servants" who were wage-earners. In addition, there were temporary employees sufficient for manning 150 Company boats and for related trading tasks. This totalled about 3,000, including Indian labourers, during the trading season. Despite H.B.C. claims about the "liberal" character of the wages, which in the late 1850s varied from about £20 to £40 per year,³⁹ most employees were in debt to the Company and disputes between the Company and its employees did arise. By comparison, the average annual return on the share of a "wintering partner" between 1821 to 1872 was estimated to be about £360.⁴⁰

The British class structure, which reflected a developing capitalism with vestigial feudal hangovers, was replicated in Canada with certain adaptations to the colonial context. The basic class distinction was between "the gentlemen" and "the people", the former being Chief Factors and Chief Traders; however, in the history of the H.B.C. this feudalistic distinction had an increasingly capitalist context. Simpson's testimony in 1857 claimed that the H.B.C. in Canada had 16 chief factors, who were the principal officers and members of the H.B.C.'s council, and 29 chief traders. These men were shareholders ("wintering partners"), not employees. The chief factors and traders were also known as "bourgeois"⁴¹; the "bourgeois" in Canada were usually not of the aristocracy, although the latter

³⁹For more on wages and related see H.A. Innis, The Fur Trade, pp. 310-313.

⁴⁰Ibid., p. 337.

⁴¹See, for example, L.R. Masson, Les Bourgeois de la Compagnie du Nord-Ouest: recits de voyages, lettres et rapports inedits relatifs au Nord-Ouest Canadien, Quebec: A. Cote, 1889-1890.

class was a base for recruitment, especially in earlier years.⁴²

The "people" were the employees or wage and salary earners of the Company. At the top level were the lower officers, which included 5 surgeons, 87 clerks, and 67 postmasters. Below them were the "labouring men", the voyageurs, skilled craftsmen ("mechanics"), labourers, and apprentices. The workers imported from Scotland and England were generally engaged by five-year renewable contracts; this status as "engagés" or indentured servants, made them less free than the "free labour" typical of the capitalist labour market. However, the labouring people of the fur trade, who included a mix of Scots and Métis (the largest two groups), Indians, Canadiens, and Englishmen, were actually the forerunners of the proletariat on the Prairies.⁴³

As an example of the above structure at the level of the post, the H.B.C. post at Edmonton in 1858,⁴⁴ had a "winter" establishment which listed the following as "officers": the chief factor, 1 postmaster, and 2 clerks. Listed as "servants" were: 13 midmen (of whom one had "deserted"), 6 bowsmen, 1 bowsman/labourer, 5 steersmen, 2 interpreters, 1 acting officer's servant, 1 steward and cooper, or approximately 30 men. In addition, there were listed about 23 women, 5 children over 12 years, and 59 children under 12 years.

⁴²For example, Edward Ellice's testimony to the Parliamentary Select Committee noted "I took great care in former times to send out the best men we could find, principally from the north of Scotland, sons of country gentlemen, clergymen, and of farmers, who had been educated in the schools and colleges of Scotland. . . ." (J.E. Foster, op. cit., pp. 34-35.)

⁴³For further discussion of some of the labouring elements that later became part of the modern working class, see Jurgen Kuczynski, The Rise of the Working Class, London: Weidenfeld and Nicolson, 1967, especially Chapter 1.

⁴⁴See "winter establishment" forms for Fort Edmonton, City of Edmonton, Department of Parks and Recreation, Fort Edmonton Park.

So although the fur trade, primarily the H.B.C., held back the development of capitalist production,

the introduction of commodity production, the advance of transportation and communications, the beginnings of wage-labour and capitalist simple co-operation in production, the rise of exchange and permanent centres for trade, provided a basis for future capitalist development. The accumulation of capital in the fur trade, which relied on the exploitation of the Native producers (and freighters), primarily, and on the European, Canadien, and Native wage-labourers, secondarily, speeded the growth of capitalist institutions in Canada. However, this latter point should not be exaggerated since a large portion of the accumulated wealth ended in England, while of the remainder, most ended outside Alberta in Montreal and, to a much lesser degree, Winnipeg. All three types of exploitation characterized in Chapter 4 were present in this transitional period of development in the western interior. Through various prohibitions against private trade and property in the Alberta region⁴⁵, the H.B.C. suppressed indigenous capital accumulation at the same time as transferring wealth out of the region. The classic pattern of "regional disparity" emerged:

The law that the independent development of merchant's capital is inversely proportional to the degree of development of capitalist production is particularly evident in the history of the carrying trade, as among the Venetians, Genoese, Dutch, etc., where the principal gains were not thus made by exporting domestic products, but by promoting the exchange of products of commercially and otherwise economically undeveloped societies and by exploiting both producing countries. Here, merchant's capital is in its purest form, separated from the extremes--the spheres of production between which it mediates. This is the main source of its development. But this monopoly on the carrying trade disintegrates, and with

⁴⁵See, for example, H.A. Innis, The Fur Trade, p. 313.

it this trade itself, proportionately to the economic development of the peoples, whom it exploits at both ends of its course, and whose lack of development was the basis of its existence.⁴⁶

One Colonialism for Another - Internal Colonization and the National Policy

The annexation of the western interior by the new Canadian state replaced one colonialism with another colonialism. From a trading colony monopolized by British merchant capital, the western interior became a settlement colony dominated by central Canadian industrial and banking interests who were closely allied with British industrial and banking interests. As mentioned previously, the most powerful grouping within this emerging Anglo-Canadian business class was centred in Montreal and had strong ties with English capital. As well, there was a second but weaker grouping centred in the Toronto Hamilton area, which had some ties with U.S. capital.⁴⁷ Maritime business interests were generally weaker and more divided on the question of colonial unification into Canada.

Most of the key political leaders in the Canadian government during the 1850s and 1860s, including the so-called "Fathers of Confederation" themselves, were members of the new Anglo-Canadian business class; a few came from the top section of the subordinate Franco-Canadien business

⁴⁶K. Marx, Capital, Vol. III, pp. 328-329. For another type of discussion on merchant's versus industrial capital see L.R. Macdonald, "Merchants against Industry: An Idea and Its Origins", Canadian Historical Review, Vol. 56, No. 3, September 1975, pp. 263-281.

⁴⁷See Stanley B. Ryerson, Unequal Union, p. 277. For a discussion of Toronto-Montreal rivalry see D.C. Masters, "Toronto versus Montreal: The Struggle for Financial Hegemony, 1860-1875", Canadian Historical Review, Vol. 22, No. 2, June 1941, pp. 133-146.

class. There were, for example, leading figures of the "Great Coalition" (of 1864),⁴⁸ around which congealed the dominant politico-economic interests in the North American colonies for the formulation of the Confederation arrangements: Macdonald, Galt, Brown and Cartier.

John A. Macdonald, the Conservative Party leader and a lawyer, had been involved in establishing the Kingston Fire and Marine Insurance Company (1850), was the solicitor and a director of the Commercial Bank of the Midland District, and did some land speculation. His scandal-ridden relations with Canadian Pacific Railway interests, epitomized in the "Pacific Scandal", revealed one of many connections with the wealthiest interests in Canada of the time. For instance, George Stephen, President of the Bank of Montreal, was a close friend of Macdonald and contributed one million dollars to Macdonald's campaigns. Closely allied with Macdonald, and also tied with business interests in Montreal and England, was Alexander T. Galt. As the chief Canadian agent of the British American Land Company, an English chartered monopoly in Lower Canada (Quebec), Galt had written, "I consider the interests of the Company and of the country to be identical." Later, as a Minister of Finance, Galt was instrumental in establishing the protective tariffs of 1859, which were of substantial benefit to railway and some manufacturing interests. Galt had personal interests in the St. Lawrence and Atlantic Railway, the Eastern Township Bank, the Grand Trunk Railway, the Bank of Montreal, and later, with the help of generous coal and timber leases from his Conservative government, organized the North-Western Coal and Navigation Company in southern Alberta.

Representing the French Canadian bourgeoisie was Georges-Etienne

⁴⁸ See S. Ryerson, Unequal Union, Chapters 18 and 19; Paul G. Cornell, The Great Coalition, Historical Booklet No. 19, Ottawa, Canadian Historical Association, 1966.

Cartier, who had interests in the Bank of Montreal, and the Grand Trunk Railway, where he was chief solicitor. The aristocratic Cartier also acted for the Catholic Church in Quebec, and was the leader of the "Blues", a party known for strong opposition to its more democratic and nationalist rivals, the "Rouges".

The weaker Toronto-Hamilton grouping of industrial and commercial interests, with some rural support, had George Brown, a "Reformer" and the Clear Grit leader. Brown was proprietor of the Globe Printing Company and publisher of the Toronto Globe. During the 1870s, he achieved notoriety for his opposition to labour's "nine hour movement" and for his bitter fight against the printers' union in one of the most important strikes (1872) of the decade.⁴⁹

In the main, the most powerful sections of Canadian business, the Montreal-based banks, railways, and growing manufacturers, pursued their interests through the Conservative Party, while the weaker Toronto-based grouping supported the Liberal Party. For nearly 30 years--until 1896--the Conservatives controlled the Canadian state, but for a small change under the Liberals of Alexander Mackenzie (1873-1878). The growth of various business organizations, such as the rise of municipal Boards of Trade and the Dominion Board of Trade (1871), consolidated the position of Canadian business in the Canadian government, although sectional differences within Canadian business also found expression. Manufacturing interests, for example, exercised pressure at times at variance with powerful banking and railway interests through a series of short-lived manufacturers organizations (1858, 1866, and 1875) which eventually became the Canadian Manufacturers' Association (1887).

⁴⁹See Charles Lipton, The Trade Union Movement of Canada, 1827-1959, Chapter 2.

Succeeding Canadian governments reflected the overwhelming presence of vested business interests. As Gustavus Myers described a typical post-Confederation parliament:

Politics was, in fact, a business; the Canadian parliament was crowded with men who were there to initiate, extend or conserve class interests; of the 206 members of the Dominion House of Commons, in 1878, there were 56 merchants, 55 lawyers, 12 gentlemen of leisure, and an assortment of manufacturers, insurance company presidents, shipbuilding and lumber capitalists, contractors, and a few journalists, physicians, and farmers.⁵⁰

The economic policy formulated as a clear expression of these interests was the "National Policy". The term came from the Conservative Party's election platform of 1878, but it first appeared as early as 1869 and had limited use in the campaign of 1872. The National Policy has been associated most prominently with the raising of tariffs in 1879; however, as a state program of "national" development its conception was much broader:

. . . by 1879, the year in which the National Policy was formulated, the parts of a more or less complete pattern had fallen into place: a transcontinental railway, protective tariffs, land settlement policy, the promotion of immigration. Agricultural development of the west was basic to the whole programme, and wheat was to become the staple to which the transcontinental economy was geared, the means of attracting capital and immigrants and of creating a mass market for the materials and manufactured products of the other regions of the Dominion.⁵¹

The National Policy was an aggressive extension of key aspects of the Confederation arrangements. In the Confederation arrangements a Canadian home market was to be created by the formation of a common market

⁵⁰ Gustavus Myers, A History of Canadian Wealth, pp. 265-266.

⁵¹ W.T. Easterbrook and Hugh G.T. Aitken, Canadian Economic History, p. 383.

in the formerly separated colonies, and by the building of the Inter-colonial Railway linking the Maritimes to central Canada.⁵² However, to solidify the tenuous Pacific and Maritimes connections, to fend off the heightened expansionism of U.S. capital after the American Civil War (1861-65), and to spur business activity out of a serious depression (which began in 1873 and was reaching bottom by 1879), more aggressive state measures were implemented. Thus, for the benefit of central Canadian capital, the 1879 National Policy tariff sharply increased protection against the products of rival U.S. capital, including in western Canada, thereby enlarging the home market under the control of central Canadian capital.

At the world level, major changes were taking place in the European imperial powers and their colonial empires. Sparked by events such as the Rebellions of 1837 in Lower and Upper Canada, the Imperial government was moving toward the policy of granting "responsible government" in its settlement colonies, which included those in North America (British Columbia, the Canadas, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Vancouver Island), Australasia, and South Africa. In the 1840s, the final victory of England's industrial "free trade" forces ended the English mercantilist system. The Canadas won responsible government in 1848, a year marked by a major wave of revolutionary upsurges in Europe.

Despite significant changes in the colonial system, colonialism itself was continued and actually expanded, especially towards the end of the 19th century. Several authorities have observed that the most marked

⁵² See, in particular, Sections 121 and 145 of the British North America Act.

increase in colonial annexation began within the four decades following 1860.⁵³ The territorial annexation "on the periphery" was propelled generally by British and, to a lesser extent, European and U.S. capital, in conjunction with or even without the subordinate capitals in colonial or semi-colonial areas.⁵⁴ The trend was epitomized in the accelerated extension of railways. The accompanying settlement process led to the establishing of white settler states which were either independent of or subordinate to a central state, such as the prairie provinces of Canada, the provinces of the eastern Cape in South Africa, and the states of Victoria and Queensland in Australia.

In the Canadian context, "westward expansion", which is more accurately characterized as "internal colonization", was tied together with the general expansion of British imperialism. The Confederation arrangements were worked out directly with the Colonial Office and approved in the Imperial parliament as part of British imperial strategy of the time. In particular, British ruling circles wished to curtail U.S. economic and territorial expansion in northern North America, notably the vulnerable North-West, to consolidate their military and investment position in Can-

⁵³See, for example, C.A. Bodelson, Studies in Mid-Victorian Imperialism, New York: H. Fertig, 1968 (first edition, 1924); J.H. Rose, A.P. Newton, E.A. Benians (eds.), The Cambridge History of the British Empire, Cambridge: Cambridge University Press, 1929-1963, 8 vols.; James A. Williamson, A Short History of British Expansion, London: Macmillan, 1967 (first edition, 1922).

⁵⁴Despite several dubious features in his analysis, D.K. Fieldhouse seems to recognize there were two general forms of expansion. The first was by direct colonial annexation. The second was indirect, by the expansion of former colonies or semi-dependent areas. The latter, "sub-imperialist" process occurred not only in Canada, but similarly in Australia, New Zealand, and South Africa. (D.K. Fieldhouse, The Colonial Empires: A Comparative Study from the Eighteenth Century, New York: Dell, 1966, pp. 178-180.)

ada, to secure a major transportation and trade link with Asia, and to reduce their costs of colonial administration.

Throughout the era of the National Policy, which set the framework for internal colonization, the Canadian capitalist class and state were financially bound and generally subordinate to British imperial interests. This subordinate relationship was exemplified in the compliance of the Canadian (and Alberta) government with the Imperial government in the South African ("Boer") War (1899-1902) and World War I (1914-18), and the fact that a "Department of External Affairs" was not even formally established as part of the Canadian state until 1909.⁵⁵ However, as capitalism in Canada advanced, so did Canada's relationship with the imperialist system change. The rapid accumulation of Canadian capital, a substantial portion of which was appropriated in the process of internal colonization, pushed Canada out of its partially dependent status. Indeed, by the 1920s, following the cataclysmic changes of World War I, Canada itself had emerged as an imperialist power of lower rank. Increasingly, sections of Canadian capital were competing internationally, notably in their investments in the U.S. and Latin America. By the beginning of the majority Liberal federal government of W.L. Mackenzie King in 1926, and conclusively by the close of World War II, the U.S. had come to take the place of Britain as the leading capitalist country in the world, and Canadian capitalism had shifted its strongest ties from Britain to the U.S..

⁵⁵The very naming of the province (1905) and the provisional district (1882) after Her Royal Highness Princess Louise Caroline Alberta, the fourth daughter of Queen Victoria and the wife of the Marquis of Lorne, Governor-General of Canada from 1870 to 1883, reflects the role of British imperialism in Alberta's past. Unfortunately, while the name can one day be changed, the carnage of these imperialist wars cannot be so easily undone.

The Process of Internal Colonization

The era of internal colonization began in the early 1870s, with the first efforts of the Canadian state to establish its presence in the North-West, and concluded with the achievement of provincial autonomy in 1905. However, certain aspects of the process continued much later, in particular, until 1930 when Dominion Lands were transferred to the province. The process itself had six essential features: establishing Canadian state power, removing and subjugating the Native population, major railway development, rapid European settlement, natural resource exploitation, and expanding markets for central Canadian business.

The first element of internal colonization, the establishing of Canadian state power and central authority, took until about 1885--the defeat of the North-West Rebellion and the completion of the Canadian Pacific Railway. Before 1870, various "free traders" had been attempting to break into the H.B.C. monopoly, but after the American Civil War, a more organized effort appeared in southern Alberta through the notorious whiskey trade with the Native population. A group of "whiskey posts" were opened, beginning with Fort Whoop Up (near Lethbridge) in 1869, and later Forts Spitzee, Slide Out, and Stand Off. The traders, particularly the large I.G. Baker Company, operated out of Fort Benton, Montana, and a few managed to trade as far north as the vicinity of Edmonton.⁵⁶ For several years the I.G. Baker Company had a contract with the Canadian government to supply the N.W.M.P.. The advance of the U.S.-based trade in the North-West confirmed the expansionist policy of leading U.S. circles--and the

⁵⁶ For more material on the trade into southern Alberta from the U.S., see Paul F. Sharp, Whoop-Up Country: The Canadian-American West, 1865-1885, Minneapolis: University of Minnesota Press, 1955; Gerald L. Berry, "Alberta-Montana Relationships", M.A. thesis, University of Alberta, 1950.

"Manifest Destiny" theme--as did the purchase of Alaska (1867) and U.S. initiatives with Riel during the Red River Rebellion (1869-70).

The whiskey trade in its "wide open" fashion declined with the coming of the North-West Mounted Police (N.W.M.P.), but the U.S. business activity continued and expanded. By the time the C.P.R. construction reached Alberta in late 1882, a major trade divide had developed in the region. In the central and northern parts of Alberta, where Edmonton was the principal trading centre, goods supplied were mainly Canadian or British and carried along the Saskatchewan River. In the southern part of Alberta, goods were more often American and supplied by steamboat through the Missouri River system and overland from Montana. It has been estimated that between 1874 and 1883 roughly 35,000 tons of freight went to Canada from Fort Benton; the coming of the C.P.R. effectively brought an end to the trade.⁵⁷

⁵⁷In correspondence dated April 18, 1979, from Joel F. Overholser, Editor of the River Press Publishing Company of Fort Benton. In another letter, dated May 12, 1979, Mr. Overholser wrote: "Without documentation, I would say that the first freighting into N.W.T. probably occurred the year of 1870 when John Healy and A.B. Hamilton rebuilt their burned trading post of the year 1869-70. This would have been limited to trading supplies, perhaps building and maintenance materials for a good sized post. At the time there were only a few wandering prospectors and the staffs of a number of fur posts, H B C and American. By 1873 there was a sizable return traffic in robes and peltries, which grew until the end of the buffalo. Files of the Benton Reward from 1875, and River Press from 1880 indicate the freighting operations continued to increase until the very end. Coming of the C P R ended it almost like shutting a door . . . Certainly, Fort Benton was in a sharp depression next year--a city map I have shows almost half the small business buildings (saloons, etc.) vacant in 1884." Mr. Overholser also commented: "There were Canadians, French or Scots chiefly, all over this area before the coming of the Mounted Police. I find about a third of Fort Benton 300 plus population originated in Canada. There undoubtedly were a few Canadians freighting independently. A grandson of Sam Livingstone, first settler of Calgary, writes me this year that his grandfather did some freighting for supplies out of Fort Benton. Hudson Bay sent a shipment of furs down here one year, as I recall, but didn't repeat the experiment. Metis and Red River carts were not uncommon customers at the Montana trading posts. D.W. Davis, a saloon keeper here in 1870, later manager of Fort Whoop-Up, U.S. born, was later member of parliament from Alberta, a reverse movement across the border."

Although administrative arrangements for territorial government were made shortly before the 1870 transfer of territory, the Canadian state, in a sense, marched west with the N.W.M.P.⁵⁸ The N.W.M.P. was formed in 1873 as a paramilitary force on the model of the Royal Irish Constabulary and British colonial experience in India. The leading officers tended to be graduates of the Royal Military College at Kingston, and the officers as a group "were almost invariably upper-class, well educated, and well connected in Eastern Canadian society and politics."⁵⁹ The first N.W.M.P. contingent of 300 entered Alberta in 1874 and established a series of police posts beginning at Fort Macleod (1874) then followed by Fort Saskatchewan (1875) and Fort Calgary (1875).

N.W.M.P. activities served to smooth and defend the colonization process, and to normalize private property relations. Their earliest operations focused on controlling the Native population and suppressing the U.S.-based whiskey trade. As the leading institution of the Canadian state in the Territories, the N.W.M.P. also functioned as postal, quarantine and customs officials, and patrolled the Canadian-U.S. border. N.W.M.P.

⁵⁸The North-West Mounted Police (N.W.M.P.), became the Royal North-West Mounted Police in 1904 and the Royal Canadian Mounted Police in 1920. A bibliographical article on this state police force is Henry C. Klassen, "The Mounties and the Historians", in H.A. Dempsey (ed.), Men in Scarlet, pp. 175-186. Some useful material on the extent and significance of the "police posts" in southern Alberta is presented in Colin Poole, "Identification of Mounted Police Outposts in Southern Alberta", and Ian Getty, "The Role of Mounted Police Outposts in Southern Alberta", both of which are contained in H.A. Dempsey (ed.), op. cit., pp. 198-202 and pp. 187-197, respectively.

⁵⁹R.C. Macleod, "Canadianizing the West: The North-West Mounted Police as Agents of the National Policy, 1873-1905" in Lewis H. Thomas, Essays in Western History, Edmonton: The University of Alberta Press, 1976, p. 106. Some useful material on the connections of the N.W.M.P. to the "cattle compact" in southern Alberta is contained in D.H. Breen, "The Mounted Police and the Ranching Frontier", in H.A. Dempsey (ed.), Men in Scarlet, pp. 115-139.

efforts in minimizing and defining crime and illegal behavior closely reflected changing patterns in socio-economic development. The problem of horse-stealing and rustling grew as the ranching industry emerged and overran Native lands and usurped Native hunting rights. In the 1880s, N.W.M.P. work was broadened to cover assisting the C.P.R. in controlling the approximately 4,000 workers building the railroad, including strike-breaking.

Organized in part as a reaction to the Red River Rebellion of 1869-70, "the Force" had as one of its enduring tasks the enforcing of Canadian state policy towards the Native Peoples. The N.W.M.P. was the primary instrument used in "pacifying", removing to reserves, and eventually subjugating the Native population. And, notably, the N.W.M.P. was active, together with an "expeditionary force" of Canadian militia, in putting down the North-West Rebellion. The 1885 Rebellion was the last major act of Native resistance against Anglo-Canadian colonialism in the 19th century. The defeat of the Rebellion changed the balance of politico-military forces on the prairies, and assured the supremacy of the Canadian state throughout the region.

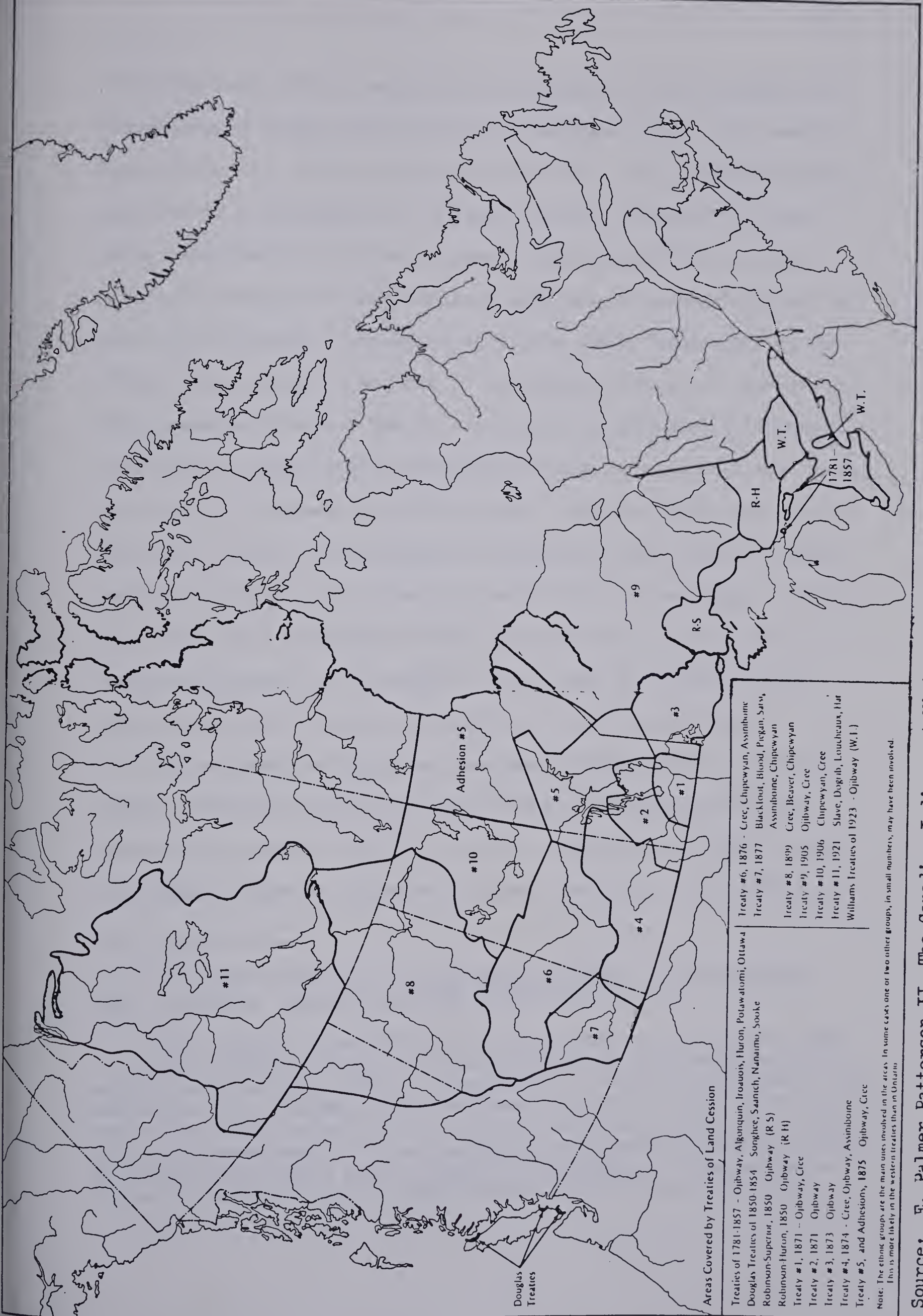
The second element in the process of internal colonization was the removal of the Native population from developable lands, including "pacification" to achieve military security. Within a month of the official Canadian takeover on July 15, 1870, the Lieutenant-Governor of the North-West Territories was requested to report on "the course you may think the most advisable to pursue, whether by treaty or otherwise, for the removal of any obstructions that might be presented to the flow of population into

the fertile lands that lie between Manitoba and the Rocky Mountains."⁶⁰

The course chosen by the Canadian state was a reserve system established on the "legal" basis of treaties, which would lead to the "extinguishing" of Native title--and presence--on lands necessary for the Pacific railway and white settlement and agriculture. The first of the "numbered treaties", Treaties 1 and 2, were obtained in 1871 and covered land in southern Manitoba. Treaty 3 (1873) dealt with western Ontario and a south-eastern part of Manitoba. Treaty 4 (1874) surrendered southern Saskatchewan, and Treaty 5 (1875) surrendered central and western Manitoba. The next three treaties directly affected Alberta. First came Treaty 6 in 1876, which surrendered central Alberta (and most of central Saskatchewan); this included the strategic Edmonton area. Next, in 1877, came Treaty 7 which surrendered most of southern Alberta. Clearly, treaties followed from development pressures moving westward, particularly for the railway, farm land (Treaty 6) and ranching land (Treaty 7). Pressures for Treaty 8 came after 1896 when the Yukon gold rush brought hundreds of prospectors and mining companies through the Athabasca-Mackenzie district. The Treaty, obtained in 1899, dealt with northern Alberta to the southern shore of Great Slave Lake. With pressures from the discovery of oil at Fort Norman in 1920, area north of Treaty 8 was covered in 1921 under Treaty 11.

The "reserves" system instituted by the Canadian state was typical

⁶⁰Quoted in René Fumoleau, As Long as This Land Shall Last: A History of Treaty 8 and Treaty 11, 1870-1939, Toronto: McClelland and Stewart, n.d., p. 24. English and Canadian authorities already had considerable experience in the techniques of usurpation. Fumoleau notes that between 1781 and 1902 in Canada, 483 treaties, adhesions and land surrenders were obtained; of these, 123 treaties and land surrenders had been signed with eastern Native Peoples before 1867.



Source: E. Palmer Patterson II, *The Canadian Indian: A History Since 1500*, Don Mills: Collier Macmillan, 1972, pp. 192-193. For permission to use this map, acknowledgement is given to Collier Macmillan Canada Ltd., 1125B Leslie Street.

of European colonialism, comparable, for example, to the reduccion and congregacion of Mexico, the Bantustans of southern Africa, the reservations of the U.S., or the reserves of Australia. The motivations underlying these institutions were "aboriginal removal, creation of labour pools, concentration for more efficient acculturation,"⁶¹ if not the genocide of peoples who had lost their usefulness to merchant capital and were to be discarded. The decline of the fur trade, destruction of the buffalo herds, and the disruption of the natural economy had created further pressures on Natives towards retreat into transitional settlements⁶² and reserves. Significantly, the reserve system was prevented from becoming a base for economic or political power. Economic development on reserves was curtailed and sabotaged by successive Indian Affairs Administrations, especially if it threatened white settler enterprises. Politically, the reserve population ("treaty Indians") was denied so much as Canadian citizenship and the right to vote (until the 1960s), unless treaty rights were foregone--the policy of "forced assimilation".

The onslaught of capitalist development brought about a fundamental change in relations between the Native and white settler populations. Marked by the passage in 1876 of the First Indian Act, the Indian population became, in effect, oppressed peoples. Fearful of their privileged

⁶¹ E. Palmer Patterson II, The Canadian Indian: A History Since 1500, Don Mills: Collier Macmillan, 1972, p. 17.

⁶² For example, clergy-directed villages such as Lac La Biche (1854), St. Albert (1861), Victoria (near Pagan, 1862), St. Paul des Cris (1866) and St. Paul des Metis (1896). Interestingly, the early missionaries were once called by John A. Macdonald "the finest moral police force in the world". One of the better accounts of the general transition is Irene Spry, "The Great Transformation: The Disappearance of the Commons in Western Canada", in Richard Allen (ed.), Man and Nature on the Prairies, Canadian Plains Studies 6, Regina: Canadian Plains Research Centre, 1976, pp. 21-45.

position, the colonist "foreigners" generally supported state policy and practice towards the Native Peoples. Racist concepts necessary to legitimize the new social order--an implanted white settler society--permeated the white population, particularly the top levels of territorial society which were overwhelmingly Anglo-Saxon and the standard-bearers of Anglo-Canadian imperialist interests and ideology.

The third element in the process of internal colonization was the building of a transportation and communication infrastructure based on a Canadian transcontinental railway to the Pacific. Leading the capitalist juggernaut into Alberta was the Canadian Pacific Railway (C.P.R.). In the 1870s, the Montreal-based Canadian Pacific syndicate defeated the London-based Grand Trunk in a rivalry to build the first transcontinental railway. The Canadian Pacific syndicate included George Stephen, President of the Bank of Montreal; Richard B. Angus, General Manager of the same Bank; James J. Hill, owner of a coal and lumber company in St. Paul, Minnesota; Donald S. Kennedy, a New York banker and the only American; Donald A. Smith, chief commissioner of the H.B.C.; Duncan McIntyre, manager of the Central Canada Railway; and two banking firms, Morton Rose and Company of New York and London, and Cohen, Reinach and Company of Paris and Frankfurt. Majority ownership and control rested in Canada, although substantial shareholdings existed in New York and European centers. In 1885, the syndicate resorted to bonded debt, which started the first large influx of British capital into the firm.

The presence among the C.P.R. syndicate of Smith, later "Lord Strathcona", reflected the shift in the focus of politico-economic power in the North-West towards central Canadian capital. The main momentum for capital accumulation passed from the H.B.C. to the C.P.R.. Smith, who became the single largest shareholder of the H.B.C. and its land commissioner

(after 1874) reoriented the H.B.C. towards land dealing. By 1887, Smith captured stock control of the Bank of Montreal, then one of the largest banks in North America, and became its president for 27 years.

The building of the "Pacific Railway" was promoted by successive Canadian governments as virtually a matter of "national emergency" in their rivalry with U.S. interests. In 1870, the Prime Minister, Macdonald, expressed this major fear of leading Anglo-Canadian circles:

"It is evident to me . . . that the United States Government are resolved to do all they can, short of war, to get possession of the western territory, and we must take immediate steps to counteract them. One of our first things to be done is to show unmistakably our resolve to build the Pacific Railway."⁶³

Furthermore, a transcontinental--"sea to sea"--railway had been promised to British Columbia within ten years of the colony's entry into Confederation on July 20, 1871.

Macdonald's approach to the Pacific Railway, was that it "must be taken up by a body of capitalists and not constructed by the government directly", but that "Canada can promise most liberal grants of land in alternative blocks and may, perhaps . . . induce Parliament to add a small pecuniary subsidy."⁶⁴ The initial state support lavished by the Conservative government under the 1881 contract included: \$25 million cash; 25 million acres of land; over 709 miles of government-owned line completed under the Liberal government of Alexander Mackenzie for a cost

⁶³Quoted in C.A. MacInnes, In the Shadow of the Rockies, London: Rivingtons, 1930, pp. 56-57.

⁶⁴Quoted in Chester Martin, "Dominion Lands" Policy, p. 263. For more on the railway land grant system see also "Our 'Kingdom for a Horse': The Railway Land Grant System in Western Canada", Canadian Historical Association, Report, 1934, pp. 73-79.

of \$38 million; tax exemption for 26 years for C.P.R. land and perpetually for the entire capital stock; and a "monopoly clause" prohibiting competition against the C.P.R. south of the main line to the U.S. border. As for the impact on the Territories, the Minister of Railways bluntly expressed the Cabinet view: "Are the interests of Manitoba and the North-West to be sacrificed to the interests of Canada? I say, if it is necessary, yes."⁶⁵

The construction of the C.P.R. began in June, 1881. By the end of 1882, the track had reached the vicinity of Medicine Hat and in August, 1883, it arrived in Calgary. Among the hordes of speculators and promoters who closely followed the C.P.R.'s routing plans and construction were some who made their first "primitive" accumulations, establishing themselves as leading local businessmen.⁶⁶ The completion of the C.P.R. mainline was followed by the extension of "colonization railways". The first of the colonization lines, a narrow-gauge coal line belonging to Galt's North-Western Coal and Navigation Company, was completed from Dunmore to Lethbridge (105 miles) in 1885. This line together with a southern extension to the U.S. border at Coutts (1890) brought their owners 1.1 million acres of Dominion land grants. The second main colonization line, the C.P.R.-associated Calgary and Edmonton Railway, built a line from Calgary to Strathcona (South Edmonton) by 1891, and south to Macleod by 1892, a total distance of about 295 miles. In the process, a Dominion land grant of 1.9 million acres was obtained. In 1897, the C.P.R. began its Crow's Nest Pass line, from Lethbridge to Nelson in the mineral-rich Kootenay area of B.C.. The rapid expansion of the C.P.R. into this area was a

⁶⁵C. Martin, "Dominion Lands" Policy, pp. 275-276.

⁶⁶One such notable figure, in Calgary, was James A. Lougheed.

response to U.S. rivalry, particularly from the Great Northern, and perhaps the first major signal in Alberta of the rise of modern imperialism.

At the turn of the century, during the height of interimperialist rivalry, leading to World War I, two other transcontinental lines, the Canadian Northern and the Grand Trunk Pacific (G.T.P.) were initiated. The former was a promotion of two Canadians, William Mackenzie and Donald Mann, who had made their first big accumulations as contractors for the C.P.R.. The latter was a subsidiary of the old Grand Trunk Railway. From its inception, the C.P.R. was closely identified with the Conservative Party while the Liberal Party became identified as anti-C.P.R. and a political voice for the Grand Trunk interests. During the 1904 Dominion election, which "pitted the Grand-Trunk-Liberal Party nexus against the C.P.R.-Tory machine",⁶⁷ the Liberal leader, Wilfrid Laurier, campaigned with the slogan "Canada Cannot Wait". Once re-elected, the Liberals proceeded with massive aid to the G.T.P. and Canadian Northern, although as much of the best land had already been given away, the Laurier Liberals (and the succeeding Borden Tories) relied mainly on cash grants and government guarantees of railway debt, usually floated in the London money market.

The Canadian Northern mainline (1903) reached Edmonton from Grandview, Manitoba, by 1905, but the entire B.C. section to Vancouver was not completed until 1915. The Grand Trunk Pacific (1903) reached Edmonton by 1909, but its B.C. section to Prince Rupert was not completed until 1914. The wasteful duplication and overcapacity generated by this railway rivalry was prodigious. For example, between Edmonton and the Yellowhead Pass

⁶⁷ Tom Naylor, The History of Canadian Business, 1867-1914, Vol. I, p. 286.

both the Canadian Northern and G.T.P. followed virtually the same route. The pitiful standard of construction, which caused high maintenance costs, became another contributing factor to the financial collapse of the two companies during World War I. As will be considered in Chapter 10, between 1917 and 1923, the Dominion Government took over and amalgamated these and other non-C.P.R. lines into the Canadian National Railways (C.N.R.) system.

By 1917, the railway explosion generated during the heights of interimperialist rivalry had reached a turning point. Railway crises led to massive state intervention, attempts at nationalization, and a lessening of competition and expansion. By 1930, the early era of development had come to an end, as indicated in the following figures for net operating miles of trackage:⁶⁸

Table 6.1 Net Operating Miles of Railway
 Track in Canada, 1840-1970

<u>Total</u> <u>miles</u> <u>Increase</u>			<u>Total</u> <u>miles</u> <u>Increase</u>			<u>Total</u> <u>miles</u> <u>Increase</u>		
1840	30	30	1890	14,090	7,166	1930	44,745	4,051
1850	80	50	1900	19,017	4,927	1940	44,713	-32
			(1905	22,385)				
1860	2,495	2,415	1910	27,541	8,524	1950	44,547	-166
			(1915	39,243)				
1870	3,121	626	1920	40,694	13,153	1960	45,598	1,051
1880	6,924	3,803				1970	45,655	57

⁶⁸ J. Lukasiewicz, The Railway Game: A Study in Socio-Technological Obsolescence, Toronto: McClelland and Stewart, 1976, p. 46. The peak growth of railway construction was reached around 1915 at about 39,243 net miles of main track, which was about 35,000 route miles or a record 4.5 miles per 1,000 persons in Canada.

The history of the railways during internal colonization exemplified the evolution of state relations with big business. In terms of land alone, the Dominion government made nearly 31.8 million acres of railway land grants in the prairie region. Over 13 million (41 percent) were selected in Alberta and virtually all of this Alberta land went to the C.P.R..⁶⁹ By 1916, state-monopoly capitalist collaboration had reached the extent that public investment--but not public ownership--accounted for 43 percent of the total investment of the C.P.R., 59.9 percent of the G.T.P. and 60.3 percent of the Canadian Northern.⁷⁰

The fourth element in the process of internal colonization was rapid and extensive white settlement, based primarily on agricultural development. Between 1880 and 1890, the population of Alberta, estimated for its present boundaries, grew from 18,075 to 26,593. However, in the late 1890s a torrent of settlement hit the prairies. Alberta's population jumped to 73,022 in 1900, 185,412 in 1905, 374,295 in 1910, and 496,525 in 1915. The pre-World War I immigration channelled to Alberta was not only the first but largest "wave" in Alberta's history: prior to 1905 there were nearly 100,000 immigrants to Alberta, and in the subsequent decade, over 346,000. Migration into Alberta (from other parts of Canada) was also greatest during this period; in the first decade of the century about 184,900 Canadians settled in Alberta.

Thus, by the 1906 census, only about 20.8 percent of the population were Alberta-born, while about 26.1 percent were born in other parts of Canada. Of the majority immigrant section of the population, the largest

⁶⁹C. Martin, op. cit., pp. 302-303.

⁷⁰J. Lukasiewicz, op. cit., p. 30. Investment includes cash, credit, and proceeds of land sales.

group in 1906 was from the U.S. (23.3 percent of the population), and the second largest was from Britain (12.8 percent). Despite the rampant Anglo-Saxon chauvinism of the time, reflected in alleged fears of the "British element" being swamped by "less desirable elements", eastern Europeans, who were a typical target, constituted less than 10 percent of the population. It was not until the 1941 census that native-born Albertans made up over half the province's population.

Soon after the H.B.C. control of prairie lands was transferred to Canada, the Macdonald government formulated policy and administration of these new "Dominion Lands". Orders-in-Council approved during April and May, 1871, followed by the important Dominion Lands Act of April, 1892, initiated Dominion policy governing railways and settlement grants and the leasing of lands for grazing, mining, water rights, timber and school purposes. The central control of prairie lands "for purposes of the Dominion" under the Dominion Minister of the Interior was coupled with the promotion of immigration under the Dominion Minister of Agriculture and private companies.⁷¹ Against the position of placing control of the lands in a prairie province, the Dominion government maintained, in Macdonald's words, that:

It would be injudicious . . . to have a large province which would have control over lands and might

⁷¹The administration of public lands and the Dominion Lands Act was originally under the Secretary of State, but was transferred when the Department of the Interior was established in 1873. For some discussion of the relations between the Dominion government and private settlement companies and of certain facets of immigration policy see H. Troper, "Public Versus Private Land Promotion: The Western Canadian Immigration Association", in Howard Palmer (ed.), The Settlement of the West, pp. 86-101; D. J. Hall, "Clifford Sifton: Immigration and Settlement Policy, 1896-1905", in H. Palmer (ed.), op. cit., pp. 60-85. For one of the better efforts at detailing settlement procedures and forms, including discussion of private settlement and land companies see John Langton Tyman, By Section Township and Range: Studies in Prairie Settlement, Brandon: Assiniboine Historical Society, 1972.

interfere with the general policy of the Government in opening up communications to the Pacific, besides the land regulations might be obstructive to immigration. All that vast territory should be for purposes of settlement under one control, and that the Dominion legislature.⁷²

The main attraction to agricultural settlement was the 1882 "free homestead" provisions of Dominion Lands policy. Settlers could obtain entry on one quarter section (160 acres) by paying a \$10.00 registration fee. Title to the land could be obtained in three years after meeting a minimal residence requirement. Available statistics on homestead entries begin in 1887 with 271 entries, but a major jump appears in 1898 (1,049 entries) rising to a peak in 1910 (17,187 entries). However, cancellations were also high. Martin estimated that between 1870 and 1927 over 41 percent of the original entries did not obtain title. This "silent but deadly attrition going on upon the frontier"⁷³, was a result of a variety of forces: insufficient capital and, related to this, onerous debt burdens and credit difficulties; storage and transportation problems, including high freight rates and tariffs; weather and soil conditions; inexperience in the western prairie environment; the personal hardships of farm living; and speculation in farm land.⁷⁴ The Dominion pressure

⁷²Quoted in C. Martin, op. cit., p. 227.

⁷³Ibid., p. 431. See also pp. 524-525.

⁷⁴Relatively little study has been done on the exploitive activities of speculators and land companies in the development of the western interior, although at least some of their significance was recognized in Chester Martin's writing. Lewis H. Thomas has also mentioned this in his Introduction to the abridged edition of Chester Martin, "Dominion Lands" Policy, Toronto: McClelland and Stewart, 1973, especially pp. xii-xiii. Thomas noted, for instance, that "There were land speculators in Western Canada who were bitterly opposed to the impartial administration of public lands in the interest of the bona fide agriculturalist." (p. xiii.)

for settlement even opened lands which were poor for farming, such as in southern Alberta, land which later cost huge sums in irrigation and re-settlement. This prompted the provincial government to comment (generously) in 1938 that "if less attention had been given to the speed of settlement and more attention to the ultimate success of the settler on the land, large parts of this area would not have been thrown open under a homestead policy."⁷⁵

In conjunction with "free homesteading" was the private sale of lands owned by the C.P.R., the H.B.C., and related land companies. In Alberta, as in the prairies as a whole, there was actually more land settled through purchase (23.3 million acres) than through free homesteading (19.1 million acres). By January, 1928, according to the Report of the Royal Commission on the Natural Resources of Alberta, those lands alienated by the Dominion Government "by sale or for sale" included 3.8 million acres of school lands, 2.1 million acres of pre-emptions, and 970,000 acres for irrigation, while the C.P.R. was granted over 13.0 million acres and the H.B.C. over 2.4 million acres. The C.P.R. strongly supported free homesteading, since under the system of having railway and homesteading sections located adjacent to each other in belts on either side of the rail lines, the encouragement of free homesteads created a market for and a value to C.P.R. lands.⁷⁶ Between 1893 and 1905, just one C.P.R.-related

⁷⁵Government of Alberta, The Case for Alberta, submission to the Royal Commission on Dominion-Provincial Relations, Edmonton: King's Printer, 1938, Part I, p. 52.

⁷⁶However, the traditional picture "on paper" of odd-numbered sections going to railways and even-numbered sections going to homesteading needs considerable modification. According to John Tyman's study of settlement patterns in southwest Manitoba: "In practice, free homesteads were not restricted to even numbered sections nor even numbered sections to free homesteads. Not all homesteads were of 160 acres, nor

real estate operation, the Calgary and Edmonton Railway Company, sold nearly 1.1 million acres, reaching a peak of 323,500 acres in 1902.

The C.P.R.'s massive irrigation schemes in southern Alberta promoted settlement and another form of land development. One of the C.P.R.'s irrigation projects, which began in 1903, encompassed 3 million acres adjoining the Bow River in southern Alberta and was promoted as the "largest private enterprise of its kind ever carried out". Indeed, the C.P.R.'s Department of Colonization and Development claimed in 1926 that the company had spent "nearly \$75,000,000 for colonization, land settlement, irrigation or similar works--an amount exceeding that spent by the Dominion Government in like work in the same period."⁷⁷

As a result of rapid settlement, commercial agriculture in the form of the 'independent farmer', or simple commodity production, was firmly established by 1905. About 916,000 acres of land were under field crops and 4 million acres were under pasture. The dominance of capitalism in agriculture and with it, the growth of a capitalist land market also per-

were they all of the same type, for there were several categories of free grant available. Much of the supposed "Free Homestead Land" was disposed of by sales of one sort or another--as pre-emption sales or ordinary sales, for cash or by instalment, by script or by warrant.

Similarly the supposedly uniform allocation of odd numbered sections to railways was really characteristic only of formal belts and reserves. Even then it was less than uniform, interrupted by squatters' claims and lands not fit for settlement. . . . In short, there is no such thing as a "typical prairie township". The model which bears that name is the product not of scholarly investigation but of the misinterpretation of a theoretical statement divorced from its context. Admittedly, areas further west were spared the complication of much pre-railway settlement; but they were marked instead by the special provisions made for by the occupation of drier lands in Alberta and Saskatchewan." (John Tyman, *op. cit.*, pp. 210-212. Tyman's conclusion is also noted in Brian S. Osborne (ed.), *The Settlement of Canada: Origins and Transfer*, Kingston: Queen's University, 1976, p. 238.)

⁷⁷ C. Martin, *op. cit.*, p. 319. For more material on irrigation see John Blue, *Alberta Past and Present*, Chapter XX; H.G. Cochrane, "Irrigation in Alberta", *Alberta Historical Review*, Vol. 16, No. 2, Spring 1968, pp. 14-18; A.A. den Otter, "Irrigation in Southern Alberta, 1882-1901", Occasional Paper No. 5, Lethbridge: Whoop-up Country Chapter, Historical Society of Alberta, 1975.

manently destroyed the hunting and gathering economy of the Native Peoples.

Settlement during internal colonization was not exclusively, or even essentially, agricultural. In Alberta, the development of urban centers, particularly the towns and cities, dominated and often preceeded rural development. In the growth of markets and transportation, and in the control of investment and credit (both public and private), rural interests were subordinated to more powerful business groups in the towns. This gave rise to a long history of town-country conflict and uneven development. Nevertheless, Alberta centres were themselves usually subordinate to outside capital, particularly the railways. The many small towns which acted as agricultural service centres were established by the railways about 5 to 15 miles apart as elevator depots. They were especially vulnerable not only to scheduling and freight rates, but line closures. Some larger centres, such as Lethbridge, grew up as company coal mining towns serving the C.P.R. or later railways. Centres like Calgary were more diversified, but still dependent on key railway-related activities such as cattle-marketing. Consequently, urban settlement was also rapid. While the rural population of Alberta in 1905 was 127,320, the urban population was 57,875, of which 30,119 were in cities.⁷⁸

The fifth element in the process of internal colonization was the establishing of a system of primary production based on agriculture and mineral extraction--natural resource exploitation. Central Canadian capital dominated this development either directly through ownership or fin-

⁷⁸For further material on early urban development in the western interior see, for example, J.M.S. Careless, "Aspects of Urban Life in the West", 1870-1914"; K. Lenz, "Large Urban Places in the Prairie Provinces"; P.L. Voisey, "The Urbanization of the Canadian Prairies, 1871-1916", Histoire sociale/Social History, Vol. VIII (No. 15), May 1975, pp. 77-101.

ancing, or indirectly through its control of transportation and markets.

One can distinguish two forms of capital accumulation in Alberta, the first under essentially local ownership and control, and the second under essentially external ownership and control, usually in central Canada or England. The first is typified by the simple commodity producer such as the small farmer or the local craftsman or artisan (blacksmith, butcher, gunsmith, etc.); the local "independent" merchant or real estate agent (in non-productive sectors); and the local capitalist who operates, for example, a contracting business, lumbering enterprise or ranch. The second is typified by the absentee-owned firm and their agencies, offices, branch plants, or other properties, which is managed by an employee ("residential manager"), minority shareholder, contracted professional, or a combination of any of these. It is the second form of capital accumulation which dominated the key sectors of industrial capital during internal colonization.

In transportation, the power of the C.P.R. extended into virtually every sphere of production, in part because the C.P.R. controlled the only viable mode of long-distance transportation in the land-locked prairies. In determining scheduling, freight rates, and branch line organization, the C.P.R. could indirectly determine production patterns. Generally, the C.P.R. and central Canadian capital as a whole directed prairie production as a source of raw commodities for central Canadian manufacturing and trading interests: "since early development the thrust has been to move raw materials to industrial Canada for refinement and consumption."⁷⁹ One

⁷⁹ Canada, Grain and Rail in Western Canada, The Report of the Grain Handling and Transportation Commission (The Hall Commission), Ottawa: Ministry of Supply and Services, 1977, Vol. I, p. 274.

of the best-known examples of this was the discriminatory freight rates policy contained in the Crow's Nest Pass agreement of 1897.

The Crow's Nest Pass agreement between the Dominion Government and the C.P.R. was the first major effort of the Canadian state to regulate freight rates. The C.P.R. desired to build a rail line from Lethbridge into south-eastern B.C. As a concession for a cash and land grant subsidy to aid its construction and under strong prairie pressure, the C.P.R. agreed, beginning in 1899, to reduce the freight rates on grain and flour carried from the west to Fort William-Port Arthur (Thunder Bay) by three cents to 14 cents per 100 pounds from Winnipeg, 20 cents from Regina, and 26 cents from Calgary. However, the rates on eastward freight in manufactures were not similarly reduced, while the westward freight rates on some manufactured products of central Canada were reduced (more as a concession to eastern capital than prairie consumers). The freight rate structure which evolved became a long-standing grievance, both among working people and local capitalist interests, for it "permitted the [transportation] system to continue to drain the West of employment and development opportunities."⁸⁰

In agriculture, there were two main areas, grain farming and ranching. The control of grain production was indirect, since the productive system relied mainly on small proprietary farming on land owned and occupied by the farmer. However, central Canadian capital exercised power through its ownership and control of inputs, such as farm machinery, farm credit, mortgages, and homestead land grants, irrigation programs and transportation.

⁸⁰Ibid., p. 275.

In ranching, development was dominated by the large-scale capitalist enterprise. Probably the first of the large-scale commercial ranches was Cochrane Ranch Company Limited (1881), owned by the Conservative Senator M.H. Cochrane of Quebec. Under Dominion Lands policy, the Dominion cabinet in 1881 approved the granting of leases of up to 100,000 acres for a term of 21 years at one cent per acre per year. The large cattle and horse ranches were capitalized upwards from \$100,000 and owned by leading Canadian and English businessmen. By 1884, two-thirds of all stocked land in the south-west was controlled by ten companies; moreover, "four of these companies, the Cochrane Ranch Company, the Walrond Ranch Company, the Oxley Ranch Company, and North West Cattle Company held almost one-half of such lands."⁸¹ The leading ranching interests came to form a "cattle compact" which was clearly visible in such organizations as the Western Stockgrowers' Association and the Ranchmen's Club (in Calgary) and markedly upper class, Anglo-Saxon, and Tory. With the gradual encroachment of agricultural settlement--"sodbusters" and "nesters"--the heyday of the big ranches was over by 1910.⁸²

In mining, "coal was King" during internal colonization, although some early interests in gold and, later, gas and oil, also appeared. The growth of railways was the chief stimulus to coal production. The first and largest coal mining operation, the North-Western Coal and Navigation

⁸¹D.H. Breen, "The Canadian Prairie West and the 'Harmonious' Settlement Interpretation", Agricultural History, January 1973, p. 65.

⁸²For a brief history of the rangelands see Alex Johnston, "A History of the Rangelands of Western Canada", Journal of Range Management, Vol. 23, No. 1, January 1970, pp. 3-8. For some useful material on early ranching see Simon M. Evans, "Spatial Aspects of the Cattle Kingdom: The First Decade, 1882-1892", in A.W. Rasporich and H. C. Klassen (eds.), Frontier Calgary, pp. 41-56; and "Stocking the Canadian Range", Alberta History, Vol. 26, No. 3, Summer 1978, pp. 1-8.

Company, was established by A.T. Galt in anticipation of the building of the C.P.R.. The company had British financial backing (William Lethbridge, an English capitalist and namesake of the coaltown, was president) and substantial coal, timber, and grazing leases from the Dominion government. On the basis of long-term coal contracts with the C.P.R., a Dunmore to Lethbridge railway line (106 miles) was completed in 1885. High transportation costs and Canadian-U.S. tariff barriers made outside sale of coal uncompetitive east of Winnipeg, west of the Rockies, or in the U.S.. Consequently, in its early development, Alberta's coal production depended heavily on irregular and slowly growing rail traffic which gave rise to a "limited, fluctuating, regional market."⁸³

In several areas of Alberta there were small independent mines-- "gopher holes"--supplying local needs, but the main producers were large, heavily capitalized firms owned in central Canada or Britain. Expanding outside investment and concentration was particularly evident during the rapid phase of growth which followed the building of the Crow's Nest Pass line of the C.P.R. in 1897, and superceded the slow, irregular growth since the 1880s. Production of Alberta coal (from the Kootenay, Belly River, and Edmonton formations) rose from 43,220 tons in 1896 to 931,917 tons in 1905 (or 10.8 percent of Canadian production) to about 4 million tons in 1913 (or 26.7 percent of Canadian production).⁸⁴

⁸³A.A. den Otter, "Railways and Alberta's Coal Problem, 1880-1960", in A.W. Rasporich (ed.), Western Canada Past and Present, p. 86. This problem was discussed in the Alberta Coal Commission, Report, Edmonton: Acting King's Printer, 1926.

⁸⁴Canada, Dominion Bureau of Statistics, Canadian Mineral Statistics, 1886-1956, Reference Paper No. 68, Ottawa: Queen's Printer, 1957, pp. 56, 105.

In manufacturing, enterprises were generally small-scale with production geared to local markets and the demands of the railway or mining industries. The 1891 Census revealed that in the Territorial District of Alberta there were 143 "industrial establishments" (roughly, manufacturing establishments) employing 574 males and 22 females, or about 4.2 employees per establishment. The largest group of these were 14 saw mill operations (202 employees), 35 blacksmithing-forging operations (45 employees), 12 carpentry and joining operations (37 employees), 3 printing and publishing operations (27 employees), 6 harness and saddlery operations (20 employees), 4 sash, door and blind operations (20 employees) and one meat curing operation (20 employees).

The unmistakable tendency present in the development of manufacturing was the replacement of local craft or "hand trades" enterprises by the larger scale capitalist enterprise, although at varying rates in different types of businesses. The former enterprise was typically a sole proprietorship or partnership, in which the proprietor himself worked, perhaps aided by one or two wage-earners. The latter enterprise was typically a (joint-stock) corporation with a larger capital investment, a clearer separation of labour from ownership, and more often absentee-owned. The larger centers such as Calgary reflected the growing trend towards concentration in manufacturing, as was revealed in the 1911 Census of Canada:

<u>Calgary</u>	<u>Population</u>	<u>Manufacturing establishments</u>	<u>Employees per establishment</u>	<u>Capital per establishment</u>	<u>Net value of output per establishment</u>
1891	3,876	28	6.0	\$ 14,468.57	\$ 6,022.14
1901	4,392	10	30.7	\$ 43,164.70	\$28,347.80
1911	43,704	46	46.4	\$284,410.78	\$66,752.02

Despite the existence of many small-scale local enterprises during internal colonization, the key manufacturing areas were dominated or came to be dominated by large-scale, absentee-owned enterprises. For example, in lumber and electric power, the leading positions were occupied by firms such as the North-Western Coal and Navigation Company of Lethbridge and the U.S.-owned Eau Claire Company of Calgary.

By the time of provincial status in 1905, Alberta had 97 establishments with 1,983 employees (or 20.4 employees per establishment), with a capital investment of \$5.4 million (or \$55,673 per employee) and a gross output valued at nearly \$5 million.⁸⁵ Large-scale capitalist manufacturing was becoming evident in brewing, lumber milling, flour milling, meat packing, and some textile production. In brewing, for example, there were three breweries with a total of 146 employees, \$640,000 capital, and an annual gross output of nearly \$407,000. In flour milling, there were 11 mills with a total of 135 employees, \$886,000 capital, and an annual gross output of over \$1.1 million.⁸⁶ However, even the larger scale enterprises were geared for the local or regional market. Innis suggests that "Success of the flour-milling and pork-packing industry at Calgary

⁸⁵ Alberta, Publicity and Statistics Branch, Statistics of Progress, Edmonton: King's Printer, 1929, p. 148. In this context, "establishment" included all plants with 5 or more employees. In only 5 years--by 1910--there were 290 establishments with 6,930 employees (or 24.1 per establishment) with a capital investment of \$29.5 million (or \$101,737 per establishment) and a gross output of \$18.3 million.

⁸⁶ Ibid., pp. 144-145.

and Edmonton were, in large part, a result of Kootenay demands" and also observes that the "dairy industry and, in turn, creameries and cheese factories grew up in relation to mining."⁸⁷

Despite the appearance of manufacturing activity by 1905, its structure and growth vividly reflected Canada's highly uneven regional development. In 1905, the gross value of Alberta's manufacturing activity amounted to about \$5 million or only .7 percent of the Canadian total of \$718 million, while Alberta's population was 184,412 or 3 percent of the Canadian population of about 6,002,000. The average size of Alberta's manufacturing establishments was relatively low: in terms of labour, only 17.0 employees per establishment compared to Ontario's 23.7, B.C.'s 51.7, and the Canadian average of 24.9; and in terms of capital, only \$46,217 per establishment as compared to Ontario's \$49,710, B.C.'s \$115,516, and the Canadian average of \$53,595.⁸⁸ Even by 1910, the gross value of Alberta's manufacturing was 1.6 percent of the Canadian total of \$1,166 million compared to Ontario's 49.7 percent, while Alberta's population was 5.2 percent of Canada's 7,206,643, compared to Ontario's 35.1 percent.

Alberta's productive system could not reap the advantages of its specialization and natural wealth in a division of labour organized and directed in the interests of central Canadian and British capital. While Alberta was heavily dependent upon primary production in grain growing, ranching, and coal mining, the terms of trade or primary commodities marketed beyond the region were generally dictated by outside interests through their control of markets and transportation. In grain

⁸⁷ H.A. Innis, Settlement and the Mining Frontier, pp. 309-310.

⁸⁸ Canada, Census of Canada, 1911, Vol. III, p. ix.

production, for example, major central Canadian and foreign corporate interests allied in such institutions as the Winnipeg Grain and Produce Exchange (formed in 1887, incorporated in 1891) exercised monopoly power in grain buying and elevators. The struggles of farm producers against these "vested interests" and their political allies became a standard theme in prairie economic and social history. At the same time, some other primary commodities, particularly coal, had a major potential but were uncompetitive in central Canadian markets largely as a result of high transportation costs. About half of Canada's consumption of coal was imported from the U.S., where some Canadian companies owned Pennsylvania mines. The fact that Dominion tariff and freight rate policies were not exercised to integrate Alberta coal production into the central Canadian industrial "heartland" again revealed who were the major beneficiaries of internal colonization and exposed the inconsistent and less than genuinely "national" character of the National Policy.

Finally, contrary to mythology, there never was an era of "free enterprise" in Alberta, when competition predominated over monopoly. The mantle of monopoly was passed from the H.B.C. to the C.P.R. and permeated most of the economy. Where competition existed, usually among small producers, it was often to the advantage of large firms for it lowered the price of inputs for large firms and weakened the bargaining position of small producers against monopolies. Since central Canadian and foreign interests, together with their local collaborators, were in a stronger position to defend and advance their monopoly positions in Alberta, development was weak and lopsided, and major streams of economic surplus drained eastward to Toronto, Montreal and London, thus constraining capital accumulation in Alberta.

The sixth element in the process of internal colonization was the

development of an expanded internal market under the control of central Canadian industry and banking. This general market can be divided into a large number of particular markets of two kinds: capital markets and commodity markets. The control exercised by central Canadian interests in both sets of markets was based on their predominant ownership of the means of production (both central and "branch" plants), distribution (foremost the railways), and exchange (principally the banks). Especially prominent was their financial power in determining direct investments, the allocation of loan capital, and the granting of credit.

Well before Confederation, it was evident that leading interests in central and eastern Canada foresaw the West as an expansion area for their domestic market. At the Quebec Conference (1864), for instance, the following resolution was passed:

The communications with the North-West Territory, and the improvements required for the development of the Trade of the Great West with the Seaboard, are regarded by this Conference as subjects of the highest importance to the Federated Provinces, and shall be prosecuted at the earliest possible period that the state of the finances will permit.

The end of the American Civil War and the abrogation in 1866 of the Canada-U.S. Reciprocity Treaty of 1854 intensified the drive for a larger domestic market. The depression in 1866 and the major depression of 1873 further sharpened pressures for westward expansion as a way out of crises.

There were several mechanisms for taking control of the North-West commodity markets, but chief among them was the control of transportation and tariffs. In 1866, Canadian tariffs had been lowered as an inducement to the Maritime Colonies to enter Confederation; but with the depression of 1873, tariffs were again raised, partly for the protection of central Canadian industry and partly to offset the decline in government revenues. The most prominent boost in the tariffs came in 1879 with the "National

Policy tariffs". These tariffs against imports from the U.S., which raised the price of some key commodities needed by prairie settlers, remained much the same throughout internal colonization, and became a long-standing prairie grievance, comparable to the freight rates issue.

The Dominion government moved early to check the "free trade" with the U.S. existing in southern Alberta during the 1870s. The first customs collection in Alberta was carried out by the N.W.M.P. during the fiscal year 1876-77 at Fort Macleod, and amounted to \$19,115.47.⁸⁹ By 1906, the duties collected on imports into Alberta from the U.S. had risen to over \$520,000. That same year, imports at \$2.8 million dwarfed exports which were less than \$330,000.

A wide variety of imports were hit by the National Policy tariffs, which ranged roughly according to the degree of processing, from about 10 percent for commodities with little processing to 30 percent for finished goods. The rates for some commodities, for example, petroleum products and furniture, were even higher. One item of particular significance was agricultural implements, the tariffs on which were raised from 17½ percent (1874) to 25 percent under the National Policy tariffs of 1879 (and raised again--to 35 percent--in 1883). Prior to the National Policy tariffs, the implement trade in the North-West was centered in Winnipeg (the "Chicago of the Canadian prairies") and was dominated by U.S. firms operating through St. Paul. After the tariffs, Canadian-based manufacturing operations, led by firms such as Harris (later Massey-Harris) were able to take major control in the market.

Among the most powerful of capitalist institutions during the process

⁸⁹ Herbert Legg, Customs Services in Western Canada, 1867-1925, Creston: The Creston Review, 1962, p. 10.

of internal colonization were the banks. Their control of major accumulations of Canadian capital and intermediary relationship with British and U.S. capital enabled the banks to play a decisive role in determining investment priorities. For the banks, prairie expansion meant major opportunities for capital accumulation through new demands for loan capital, credit, and bank "services", and new deposits. One of the first chartered banks to establish a branch in Alberta was the C.P.R.-associated Bank of Montreal, which opened a branch in Calgary by 1886. A few private banks appeared in the 1880s and 1890s but they were soon overwhelmed by the onslaught of the chartered banks. In 1890 there were only four chartered bank branches in the entire North-West; in 1915 Alberta alone had 256. The Imperial Bank of Canada was established in Edmonton in 1891. The Canadian Bank of Commerce opened branches in Calgary, Edmonton, and Medicine Hat in 1902, and in Lethbridge in 1905. The Merchants Bank of Halifax (now the Royal Bank) had a branch in the Yukon in 1899, but opened its first Alberta branch in Edmonton in 1906 and in Calgary in 1907. In 1900 there were only three bank clearing houses in western Canada (Winnipeg, Vancouver and Victoria); however, by 1907, clearing houses were also operating in Calgary and Edmonton.

The rewards--and historic significance--of the westward expansion of Canadian chartered banking were well recognized and contrary to the frequent claims of banks that their prairie branches lost money. In referring to the decade 1901 to 1911, even a review article in the leading journal of Canadian banking commented:

This movement of branch extension in the West . . . also had a very important effect in increasing Canada's banking power. Thanks to the steady and rapid growth of the West's production, and to the large investment of funds in western farms and other property by outsiders, the branches in that part of the

country have acquired a rapidly rising volume of deposits; and a number of the banks having extensive branch representation have thus formed the means to rapidly augment their resources.⁹⁰

Some markets, particularly in land, opened a wide range of predatory opportunities to bilk succeeding groups of newcomers and enterprises in productive sectors. Several heavily financed central Canadian and British firms acquired large parcels of land, especially urban land, simply for the purpose of later selling the land to realize capital gains--without making any improvements to the property.⁹¹ The large-scale speculative enterprises were joined by numerous small-scale speculators who exemplified a "hit and run entrepreneurialism" prevalent during boom times like the Klondike boom in the late 1890s and the "great barbecue" following 1905. In major centers the largest single group of businesses typically were real estate agencies. The massive waves of speculative activity did not create any real capital stock and often obstructed and fragmented development; however, it did speed the concentration of some capitals and the dissipation of others, thus accelerating monopoly trends and the general polarization of wealth.

The area of wholesale and retail distribution was at first more open to local "independent" merchants, although the presence of the H.B.C. continued as the first outside "chain store". Furthermore, local merchants, like the productive sectors, were subject to freight rates and tariffs policy. The C.P.R., for instance, seriously affected the development of particular communities by its manipulation of freight rates:

⁹⁰ H.M.P. Eckardt, "A Quarter Century of Canadian Banking", Journal of the Canadian Bankers Association, Vol. 26, 1918-19, p. 30.

⁹¹ See, for example, Donald G. Paterson, op. cit., pp. 64-69.

Within the West before the Canadian Northern became important, the C.P. controlled the competition of local merchants by giving them special distributive rates. . . . Calgary merchants in 1902 could ship along the Calgary-Edmonton branch in Edmonton territory while Edmonton merchants could not ship back. The result was to make one centre, in this case Calgary, more attractive to eastern business as a distribution centre, and a large number of wholesale branches of eastern business moved into that town. Complaints over this were rampant throughout the West, for which town got the special distributive (traders') rate was entirely the decision of the company. In addition, the secret rebate system could be used to hide the differential.⁹²

Thus, through a constellation of both general and particular politico-economic relationships, central Canadian capital was able to structure development to suit its own ravenous drive for accumulation. This meant, in practice, that despite some significant popular resistance there was a virtually complete subordination of the prairie regional economy to central Canadian capitalist interests and their state.

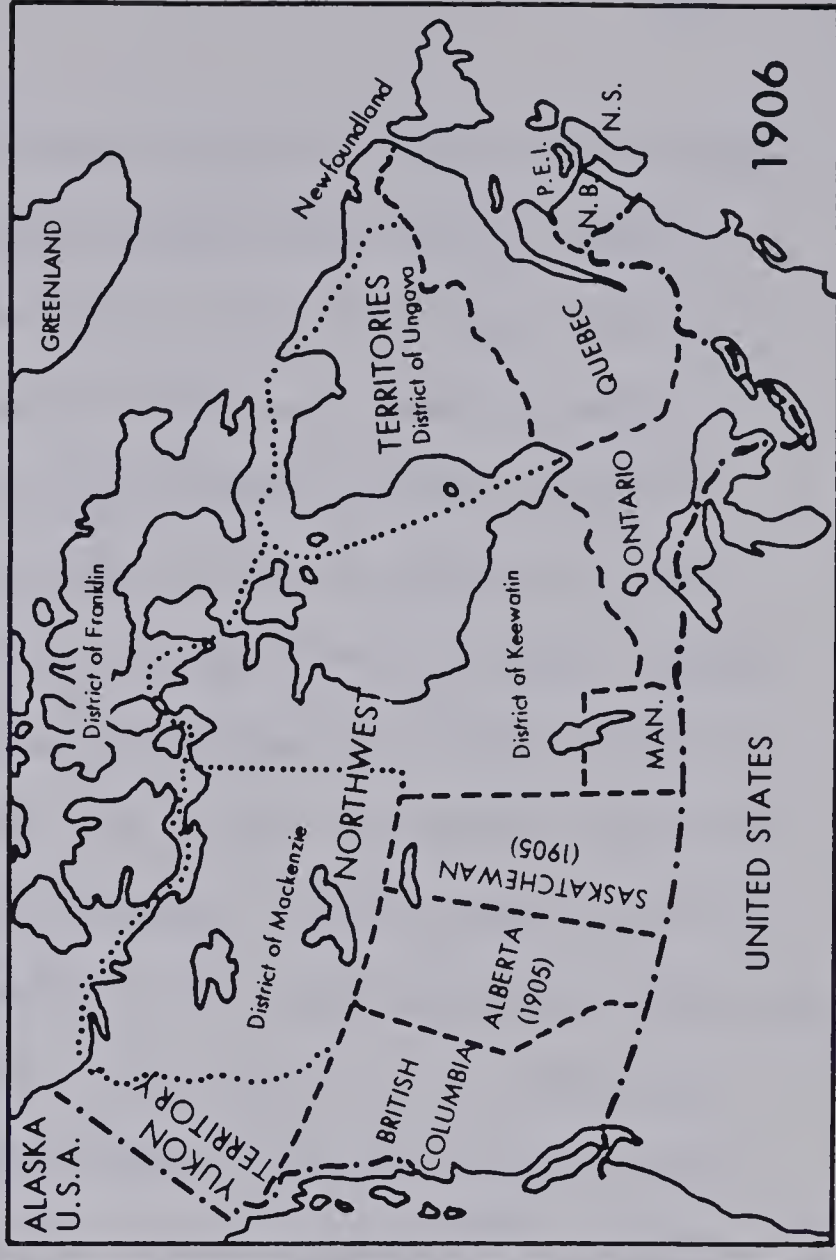
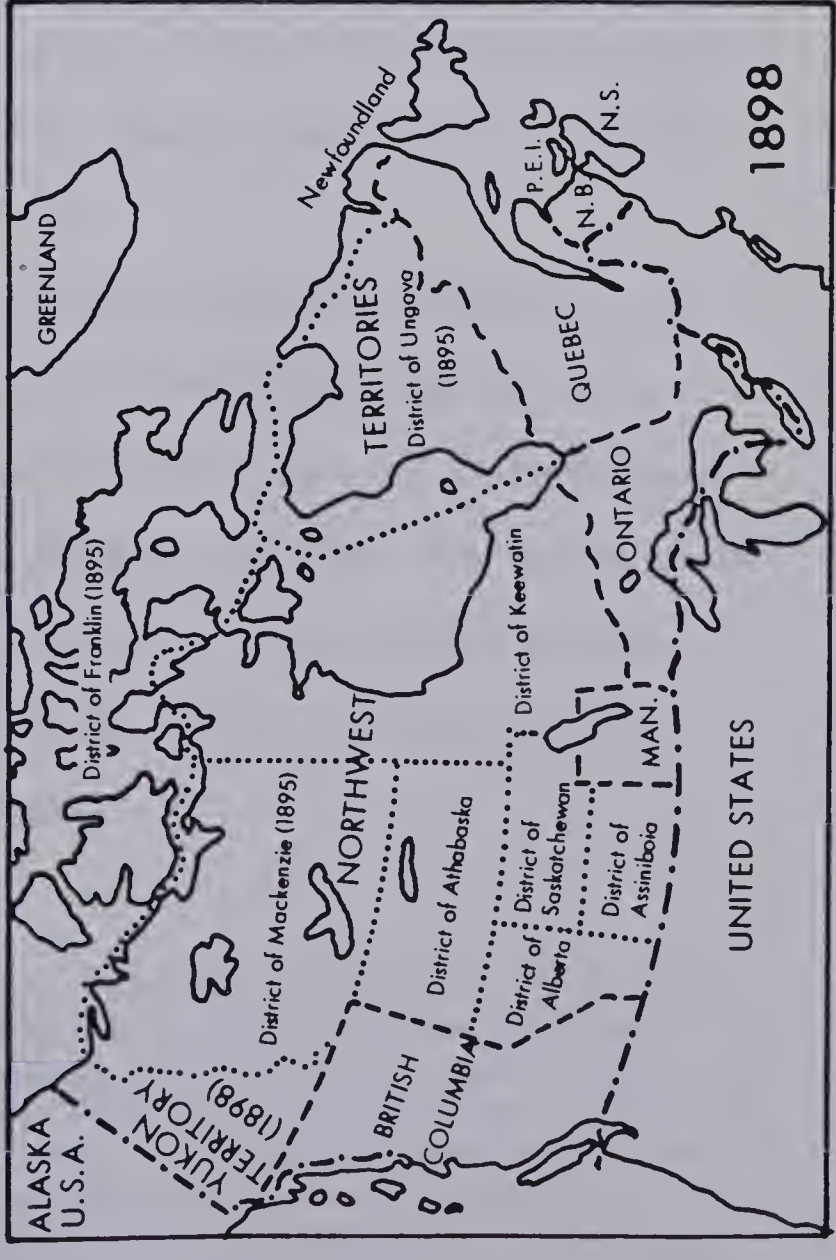
Provincial Autonomy and Capital Accumulation

A major outcome of more than three decades of internal colonization was the emergence of a business class and the achievement of provincial state autonomy in the developing settler economy. Autonomy Bills were introduced in the Dominion parliament during February 1905, and passed in July, officially creating the Provinces of Alberta and Saskatchewan on September 1, 1905.

The governmental and administrative transition from territorial status to provincial status was gradual and deliberate. Beginning in 1870,

⁹² T. Naylor, op. cit., Vol. II, pp. 30-31.

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the North-West Territories was administered through the Lieutenant-Governor of Manitoba and a Dominion cabinet-appointed North-West Council based in Winnipeg, which carried out early development of the Territorial administration. The North-West Territories Act of 1875 established a resident Lieutenant-Governor (in Battleford) with a North-West Council appointed by the Dominion cabinet. The Act also provided for the election of non-Indian members to the Council as the settler population increased. According to this legislation, which was passed by the Mackenzie Liberal government, when the number of elected councillors reached twenty-one, the North-West Council would become a Legislative Assembly. On the question of democracy in the Territories, the Conservatives took more reactionary positions, as was reflected, for example, during the 1875 debates on the North-West Territories Bill when Macdonald commented that the Liberals "should not clog themselves with . . . introducing the popular element."⁹³ In 1882, with the building of the C.P.R., the capital of the Territories was moved to Regina and four territorial districts--Alberta, Assiniboia, Athabaska, and Saskatchewan--were created.

By 1894, the North-West Council's elected members outnumbered the appointed. In 1886, the year following the North-West Rebellion, the Territories were permitted for the first time four members in Parliament, which included one for the District of Alberta. In 1887, two Senate seats were granted. In 1888, a Legislative Assembly with 22 elected members and three non-voting judges was established; however, the Lieutenant-Governor could select his "Advisory Council".

⁹³Canada, House of Commons Debates, March 12, 1875, Vol. I, p. 656. One elected representative was to be added for every one thousand non-Native adult males in an area not exceeding one thousand square miles. According to L.H. Thomas: ". . . the first elected Councillor was chosen in 1881. He was a Hudson's Bay Company factor; although his electoral district included the Metis settlements, the English-speaking Prince Albert voters determined the outcome". (The North-West Territories, 1870-1905, Historical Booklet No.26, Ottawa: Canadian Historical Association, 1970, p. 5.

After 1888, increasing political conflict occurred over the control of Dominion government funds because the Legislative Assembly was still, in effect, an extension of the Department of the Interior of the Dominion Government. In 1891, the Assembly's jurisdiction was expanded and, significantly, it was allowed that Dominion funds could be expended by the Lieutenant-Governor on the advice of the Assembly. As well, an appointed "Executive Committee" was established, led by F.W.G. Haultain, later to be officially the Premier. In 1894, the jurisdiction of the Assembly was again extended and the election of the Executive Committee by the Assembly was accepted.

Finally, in 1897, the Dominion Government recognized formally the principle of "responsible government" by legislating for an Executive Council which would have majority support of the Assembly. In succeeding years, the territorial state machinery was developed further, on a departmental basis, leading to a relatively smooth administrative transition to provincial autonomy in 1905.⁹⁴

Underlying the struggle for autonomy in the North-West was the advance of settlement and capitalist development. Such development required a state-financed and organized economic infrastructure and certain social programs: railways and communications; courts and jails; roads, bridges, and other local improvements; public health and education. While successful in the achievement of "responsible government", the Territorial government had not acquired the authority or financial means to support these demands of rapid growth, in particular, the right to borrow money--public

⁹⁴ For further material on the constitutional and administrative aspects of the transition to autonomy see: Lewis H. Thomas, The Struggle for Responsible Government of the North-West Territories, and "The Territorial Public Service", Saskatchewan History, Vol. 2, Spring 1947, pp. 14-18; Chester Martin, "The Colonial Policy of the Dominion".

debt--and the right to charter railways. Also, Dominion Lands, including timber and mineral rights, remained in the hands of the Dominion government, and compensating Dominion financial grants were relatively low. Above all, since the direction and form of state involvement in the territories directly affected both private capital accumulation in general and the allocation of particular advantages and benefits, the control of the territorial and municipal governments became a matter of profound importance to a wide variety of interests within as well as outside the region.

Municipal development was closely bound up with early capitalist expansion and the rise of local and regional business groupings. Unlike the Territorial government, urban municipalities could issue debentures. Moreover, local municipalities were able to obtain more revenue through their direct taxes on property and incomes than the territorial administration obtained from the Dominion government. By 1903, total municipal tax revenues in the North-West Territories were about \$1 million, of which 60 percent was from urban areas. On the other hand, the entire territorial administration received about \$1 million from the Dominion and only \$120,000 from within the territories (for licenses, fees, and fines).⁹⁵

The first Municipal Ordinance of the North-West Territories was passed in 1883. In 1884, Calgary became the first municipality in Alberta to be incorporated as a town. This was followed by Lethbridge (1891), Edmonton (1892), Macleod (1892), Medicine Hat (1899), and Strathcona (1899). With further growth came the drive for city status. Again, in 1894, Calgary

⁹⁵Eric J. Hanson, Local Government in Alberta, Toronto: McClelland and Stewart, 1956, p. 31.

became the first town granted a city charter. Edmonton was granted a charter in 1904 (and Strathcona in 1907); Medicine Hat, Lethbridge, and Wetaskiwin were incorporated cities in 1906. The following gives an overall indication of Alberta's municipal growth in the five years leading to provincial autonomy:⁹⁶

	<u>Number</u>		<u>Population</u>	
	<u>1906</u>	<u>1901</u>	<u>1906</u>	<u>1901</u>
Cities	5	1	30,119	4,091
Towns	18	6	16,104	9,164
Villages	33	21	11,810	5,734
Townships	1,325	654	114,814	43,686
Indian Reserves	21	21	6,481	6,435
Other areas	28	4	6,084	3,912

The municipal administrations, like other levels of state, were seen as an instrument or lever for promoting private capital accumulation, particularly by local business interests. The first organizations of local businessmen, usually independent merchants and small proprietors, tended to be informal, but in due course the local Boards of Trade (now "Chambers of Commerce") emerged. The first Board of Trade in the entire North-West Territories was established in Edmonton in 1889. In 1890, Calgary saw its first Board of Trade, which had some roots in the Calgary Agricultural Society formed in the early 1880s. Others followed rapidly. By 1900, there were ten Boards of Trade in the Territories.

The general pattern of municipal development--which appears with great clarity--was that prominent local business interests, such as in the form of a local Board of Trade, became the leadership behind municipal incorporations and then took control of the town council, treating it as "their own". The formation of Boards of Trade or other business associa-

⁹⁶ Census of the North-West Territories, 1906.

tions usually predated or at least approximated the incorporation of towns --and sometimes they were initiated for that purpose. However, the formation of business associations was also stimulated by other goals, such as to organize direct pressure for a rail connection or local improvements. Among business interests in the Territories it was primarily local independent businessmen who were leading promoters of incorporations. Indeed, there is evidence to suggest that outside firms actually resisted incorporation, especially if they were large property owners and liable to municipal taxation by a majority they could not control. For example, Elliot Galt, general manager of the North-Western Coal and Navigation Company, by far the largest property holder in Lethbridge, did not permit incorporation as a town until the local Board of Trade agreed to exempt the company's property from taxation.⁹⁷

The trend towards the rise of locally and regionally based bourgeois groupings in the North-West Territories was exemplified in Calgary. A study by Paul Voisey of "40 provincial entrepreneurs" of Calgary has given some indication of the importance of local manufacturing in the Calgary bourgeoisie, in particular, in such sectors as cement, meat packing, brewing, flour milling, lumber milling, wood products, bricks, leather manufacturing, canvas and mattress manufacturing, electric power, and construction.⁹⁸ Despite the weaknesses of his "elite theory" analysis, Voisey

⁹⁷ See A.A. den Otter, "Coal Town in Wheat Country: Lethbridge, Alberta, 1885-1905", Urban History Review, No. 1-76, June 1976, p. 5.

⁹⁸ Paul Voisey, "In Search of Wealth and Status: An Economic and Social Study of Entrepreneurs in Early Calgary", in A.W. Rasporich and H. C. Klassen, Frontier Calgary, especially pp. 229-230. Even less study has been done on the emergence of the capitalist class in Edmonton and other centres in Alberta, although some useful material is available in, for example, Irene Spry, "The Transition from a Nomadic to a Settled Economy in Western Canada, 1856-96", especially pp. 196ff; J. Burgon Bicker-

described well certain features of the growth of capitalist activity in Calgary during the period:

A wildly expanding market between 1900 and 1915 boosted the number of factories to sixty-nine [from 28 in 1891 and 10 in 1901] and the average number of employees to forty-four [from 6 in 1891 and 31 in 1901]. . . . If one uses labour strength as a measure of growth, Cushing Brothers Ltd. employed 225 men by 1914; the Eau Claire Company, 206; P. Burns Company, 350; and Cross's brewery, 142--well above the city average for factories.

But these figures only hint at the rapid pace of expansion. In the case of W.H. Cushing, the capital invested between 1905 and 1910 in his plant soared from twenty thousand to five hundred thousand. He acquired timber rights in British Columbia and elsewhere. He built a new mill in Calgary in 1908; branch factories cropped up in Edmonton, Saskatoon, and Regina. Retail outlets dotted the province. A wider range of building materials was offered for sale, and by 1910 four hundred doors alone tumbled from the home factory each day.

No-one expanded faster than Pat Burns. His plan was to build a fully integrated meat industry. In the first phase, he rapidly acquired twelve huge spreads, which at their peak in 1917 were estimated at 450,000 acres. He bred cattle, fattened them, and slaughtered them. The Calgary plant was enlarged and modernized in 1906. When it burned down in 1913, it was said that Burns gave the command to build a larger one before the flames had died. He processed every kind of domestic animal including poultry, and sold hides, fertilizer, and land as by-products. He bought out rivals across the West and built packing plants in six other cities. Dressed meats went to Burns's cold-storage warehouses and from there to his retail meat stores. In addition, he bought cheese factories and dairies and added wholesale fruit and vegetable outlets to his empire. One of the few prairie manufacturers to crack world markets, Burns opened offices in London, Liverpool, Paris and Yokahama to market his exports.⁹⁹

steth, *op. cit.*, especially, "A Great City", pp. 99-119; John Gilpen, "The City of Strathcona, 1891-1912", M.A. thesis, University of Alberta, 1977; James G. MacGregor, *Edmonton Trader: The Story of John A. McDougall*, Toronto: McClelland and Stewart, 1963; A.A. den Otter, "Urban Pioneers of Lethbridge", *Alberta History*, Vol. 25, No. 1, Winter 1977, pp. 15-24.

⁹⁹Bud Voisey, "In Search of Wealth and Status", pp. 224-225.

The jump from town to city status in various municipal areas marked a further step in the growth of settlement and capital accumulation, which was becoming increasingly concentrated and centralized. Correspondingly, Boards of Trade and municipal councils, particularly in cities, were reflecting a sharpened differentiation between larger and smaller businessmen and between outside or absentee interests and the local 'independent'. Increasing numbers of corporate professionals, especially lawyers, who had large outside firms as key clients, were also making their appearance. The fierce "bonusing" debates, and the rise of the so-called "reform" movements which attempted to corporatize municipal administration, were indications of these new trends.¹⁰⁰ Further, in the promotion of growth and inter-municipal rivalries, municipal administrations increasingly geared major capital expenditures towards creating an appealing infrastructure for outside investors. The formation of public utilities, such as Edmonton Power (1902) and Edmonton Telephones (1904), and major capital expenditures in roads, bridges, and public buildings, were means of achieving this. The debenture debt of Alberta cities was \$1.0 million in 1906, while the Province had none (until 1909) and only \$206,872 in expenditures on its capital account.¹⁰¹ The municipality of Edmonton, alone, issued its first debentures in 1893, and had accumulated a debenture debt of over \$92,000 by 1901 and \$502,000 by 1906.

The earliest struggles for democracy and self-government in the Ter-

¹⁰⁰ See, for example, Tom Naylor, History of Canadian Business, Vol. II, Chapter XIII; James Anderson, "The Municipal Government Reform Movement in Western Canada, 1880-1920", in A. Artibise and G. Stelter, The Usable Past: Essays on Politics and Planning in Modern Canadian Cities, Toronto: Macmillan Company of Canada, 1979.

¹⁰¹ E. Hanson, op. cit., p. 32. By 1913, city debenture debt had risen to \$41.9 million, as compared to the total provincial direct debt of \$15.3 million and guarantees of \$37.2 million. Edmonton alone had a total debenture debt of nearly \$22.3 million by the end of 1913.

ritories were led by the Metis and some other sections of the Native population, culminating in the North-West Rebellion, which was essentially a people's democratic resistance to colonialism. After the defeat of the Rebellion in 1885, the main pressures for autonomy came from the emerging local-regional business groupings in the Territories together with certain central Canadian interests, such as the railways and land companies, who could benefit from having provincial governments with powers to build infrastructures through debt financing, to guarantee private debt, and to bestow grants.

The class interests of workers and farmers were generally identified with the shift in control of lands and natural resources, and the greater democracy that provincial status was anticipated to bring.¹⁰² However, some fears were expressed among those sections of the population, especially the farmers, that provincial autonomy would lead to increased taxes on their relatively meager holdings. Further, both worker and farmer sections of the population had not yet broken with the Liberal party and achieved an independent class-based political party organization. Thus, the strength of the emerging working class and farmers was diffused, divided, and often co-opted into the Liberal Party.

Politically, labour and farm people were a distinctly subordinate force to capital in determining the autonomy arrangement. On the other hand, once there was a sufficiently entrenched and "responsible" settler bourgeoisie, the Dominion government could transfer power without fear of losing control. Moreover, the limited "autonomy" concept was an appropriate demand for a class essentially colonialist, racist in its position towards

¹⁰² Virtually no in-depth study has been done on the socio-economic forces leading to autonomy, although some useful material is available in C. Cecil Lingard, Territorial Government in Canada: The Autonomy Question in the Old North-West Territories, Toronto: University of Toronto Press, 1946.

the Native population, riddled with national chauvinism, and more concerned with advancing particular property interests than with popular democracy.

Some of the early "autonomy" initiatives in the 1890s, such as the formation of Calgary's "Provincial Autonomy Committee" in 1895, were motivated by specific business groupings seeking to place themselves in an advantageous position over their rivals. But with the acceleration of settlement and railway construction between about 1897 and 1905, the often rival autonomy pressures were increasingly consolidated and generalized. Moreover, the escalating demands for infrastructural development were overwhelming the Territorial finances. In 1900, for an area of approximately 400,000 square miles and population of 145,000 (plus 75,000 in the "unorganized" territories), the total Territorial revenue was only \$467,185, of which \$419,000 was from the Dominion government.

As the main forces for autonomy congealed, several points of division had to be overcome. Briefly, they were: the number of provinces, their borders, and their capitals; the control of Dominion lands; the terms of Dominion financial support to the newly-autonomous province(s); and the question of whether the provincial educational system(s) should permit separate (Catholic) schools.

Of the several issues which emerged during the autonomy struggle there is probably none more revealing of the internal divisiveness and determining role of vested capitalist interests than "the great slice-up" of the North-West Territories. The majority view of the North-West Assembly, including the Conservative Premier F.W.G. Haultain, supported the concept of one North-West province.¹⁰³ However, the final autonomy

¹⁰³ An example of Haultain's defence of the one-province concept is contained in: F.W.G. Haultain and R.P. Roblin, Full text of the Indian Head debate, held at Indian Head, Assa. December 18, 1901, Hon. R.P. Roblin and Hon. F.W.G. Haultain, n.d..

arrangements determined by the Dominion government created two provinces, Alberta and Saskatchewan. For its part, the Laurier Liberal government (1896-1911) feared that a single province might become too powerful relative to other provinces. As well, the pressures of central Canadian capital and the intense local rivalries of emerging territorial capitals were being felt.

The most intense pressure for the breaking up of the Territory was centered in southern Alberta, particularly Calgary. Its leading spokesman was the Conservative R.B. Bennett, later Prime Minister of Canada and an English Viscount, whose law firm (with James Lougheed) represented the C.P.R. and the Stockgrower's Association among numerous other large interests. Prior to Bennett, R.G. Brett and C.A. Magrath were leading Assembly representatives for provincial autonomy. Brett was a surgeon for the C.P.R. and a member of Banff "society"; Magrath was an executive of the C.P.R.-related North-Western Coal and Navigation Company--and Lethbridge's first mayor.

For the Tory-backed C.P.R., the Liberal-backed Grand Trunk Pacific and Canadian Northern, and other interests promoting railway expansion, provincial status meant greater opportunities for publicly-guaranteed debt financing and grants, as well as more public-funded infrastructure to facilitate settlement and the growth of markets. The railways and outside business generally, faced an internally divided prairie west in which provincial (and municipal) governments could be played off against each other. Established ranching and other business interests in southern Alberta, who feared being swamped by the small-holder majority in the Territories, would be stronger in a separate province. For growing capitalist interests in Calgary there was greater likelihood in a divided territory of dominating the new province. Calgary interests even expected, not unreasonably, that

in a divided Territory they could claim the capital for Alberta. However, Edmonton business interests, who also appeared to favour the division of the Territory, had stronger ties with the Liberal Party and won the designation as capital from the Liberal Dominion government over the Tory-dominated Calgary establishment.¹⁰⁴ It is significant that unlike their opposites in the Calgary Board of Trade, the Calgary Trades and Labour Council supported the one-province concept.

The achievement of autonomy in 1905 did not mean full provincial status in the sense of a status equivalent to that of the older provinces. In particular, Dominion Lands comprising at least 25 million acres for settlement, and additional leasable lands, remained in the control of the Dominion government. The financial terms of the arrangements, which were posed as "compensation" for the loss of Dominion Lands revenues, continued a degree of economic dependency on the Dominion government and did not alter the fact that the use of Dominion Lands--the key means of directing settlement and much economic development--remained outside the control of the province. Nevertheless, the autonomy arrangements did give rise to a provincial state in which regionally based business interests exercised control and rapidly developed a state administrative apparatus and a state-owned economic infrastructure.

The actual autonomy arrangements were not based on any radical democratic pressures or principles such as gave rise to the Red River Rebellion (1869-70) and the Province of Manitoba (1870). Rather, the arrangements represented a balance of power between dominant central Canadian capital and a subordinate "junior partner" developing in the hinterland as both

¹⁰⁴ A key figure in the decision was Frank Oliver, an Edmonton publisher, Liberal M.P. (1896-1917), and Minister of the Interior under Laurier (1905-11).

ally and competitor. As ally, it fought to expand capitalist development, including through the encouraging of outside capital; as rival, it sought to gain "a leg up" on central Canadian capital and propel itself into top level Canadian--and later, international--business circles.

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